

AN
INQUIRY
INTO THE
PRINCIPLES OF NATIONAL WEALTH,
ILLUSTRATED
BY THE POLITICAL ECONOMY OF THE
BRITISH EMPIRE.

BY JOHN ROOKE.

"The demands for the produce of agriculture are uniform; they are not under the influence of fashion, prejudice, nor caprice. To sustain human life, food is necessary; and the demands for food must continue in all ages and in all countries."—RICARDO.

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TO THE
MERCHANTS AND MANUFACTURERS
OF
GREAT BRITAIN.

GENTLEMEN,

I KNOW not to whom I can more properly address myself, than to a body of men who have contributed so largely to promote the prosperity of their own country, and the general diffusion of science and national wealth over the whole world. Commerce is the parent of industry, of the arts of peace, and of the comfort and happiness of our species ; it is the surest preparative towards the universal introduction of civilization, of good government, and personal liberty, into all nations ; since it everywhere enhances the value of labour, and gives it greater powers of production.

However important these truisms may be, it is nevertheless extremely mortifying to find, that an anti-commercial policy still continues to predominate over liberal principles, and those reciprocal benefits which free trade and free labour uniformly confer upon industry.

The difficulties you undergo in obtaining remittances of money from abroad, require no information of mine to make you fully acquainted with them ; and you well know those difficulties to be occasioned by unnatural and impolitic restrictions imposed upon the free importation of foreign merchandise. I would, however, humbly call your attention to the new obstacles you may have to con-

tend with in future, should the present system be continued. You are also fully aware how much you are indebted to the means of making remittances from abroad to payments made by absentees, and by those who are daily investing their property in foreign securities. But the time may not be remote when these capitalists may require extensive remittances of money to this country, in return for the annual proceeds of the investments they are now making. From that moment your affairs will probably become infinitely more uncertain and difficult than at present, and must, sooner or later, deprive you of the advantages derived from capital invested in foreign securities, and withdraw the means you now possess of making remittances of money, and thereby obstruct the sale of British merchandise abroad.

Viewing the numerous restrictions which the anti-commercial system has placed in the way of the true interests of the British Empire, and the precarious prospects it holds out for the future, surely the time has at length arrived when you have become fully sensible how necessary it is to exert yourselves in uniting the commercial bonds of the world, and in attempting to free man from such prejudices as are opposed to the comforts and blessings placed within his reach, and which he has ample means of enjoying. Committing my labours to your consideration and patronage, trusting they will not prove to be wholly in vain, I remain,

Your very devoted and faithful servant.

JOHN ROOKE.

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INTRODUCTION.

THE aspect of a well-cultivated country presents a train of pleasing reflections. Art has almost everywhere altered the order and arrangements of nature. Where the forest formerly grew, the habitation of the most fierce and blood-thirsty animals, by the creative influence of human industry and perseverance, the lamb, the cow, and the horse now graze in unmolested repose; and, under the protection of artificial inclosures, the most tender, culmiferous, and herbaceous plants, are, by cultivation and care, brought to a wonderful state of perfection. Perhaps, on the very spot where, in a state of nature, the durable oak, the lofty ash, or impenetrable thickets of thorns and briers, had spread their wide dominion, affording neither food nor shelter to any animated being save the wolf and the fox, or animals equally ferocious and destructive, cities, the most splendid and elegant, now flourish in all the arts of civilization and commerce.

Labour, the chief object of which is to supply our natural wants, may be considered that power which, aided

by intelligence, effects this artificial change, and, in a well-cultivated country, removes the primary appearances of nature. These natural wants are a necessary consequence of our existence, and as labour is essentially requisite for procuring them, so the income derived from the products of labour is necessarily valuable.

Political economy proposes to trace those principles which cause the progressive augmentation of the powers of productive labour, and regulate the distribution of its proceeds among the several classes of the community. Wealth is acquired by labour, and its distribution is regulated, first, by the institutions of nature ; and, secondly, by those conventional rights which are superadded in the progress of civilization. The chief problem in political economy proposes, therefore, to investigate the train of consequences that flow from the RELATIVE POWERS of labour, and the distribution of its proceeds.

Capital or labour stored up for future use, such as the fixed and moveable implements of industry, the advantages of former cultivation imbodyed in the soil, and in the erection of houses, are an indispensable requisite of wealth. The labourer must have the means of subsistence, without which he cannot exist ; and the capitalist must expect an additional return for the money which he is induced to expend.

It would then appear to be the business of the political economist to describe those causes which occasion the acquirement of public wealth, and the laws of nature and intercommunity which regulate its distribution. When we reflect that this description scarcely extends further than the connexion between the demand for the natural and acquired desires of life, and the labour and means of supplying them, the elements appear few and simple ; and we are apt to imagine their detail can be no very dif-

ficult task. But when we find it to be an affair of relations and proportions continually involved in a train of temporary and incidental fluctuations, what appears at first easy to be comprehended, suddenly presents to our view a subtle labyrinth of abstract investigation, which can only be unravelled by a laborious induction of analytical and synthetical reasoning. (Note A.)

hardest task. But when we find it to be an agent of reform and progress continually involved in a train of conspiracy and incidental fluctuations, what appears at first easy to be comprehended suddenly presents to our view a subtle labyrinth of abstruse investigation, which can only be unravelled by a laborious induction of analytical and systematic reasoning. (Note A.)

PRINCIPLES

OF

NATIONAL WEALTH.

PART I.

GENERAL PRINCIPLES.

CHAPTER I.

THE INFLUENCE OF PHYSICAL CAUSES CONSIDERED.

SECTION I.

On the requisite Supply of the Necessaries of Life.

HUMAN existence requires food and shelter. In the various stages of society, as we ascend from a state of barbarism to that of high civilization, the degrees in which their supply is necessary differ very widely.

A country peopled by the rude hand of nature, in which hardly any social compact has been formed, and religion does not shed its benign influence, where the inclinations of the will are not restrained by legal powers, and the law of right depends chiefly upon possession determined by force and mutual sympathy, the common wants of life are provided for in scanty and precarious portions; the ground receives no culture; there is no accumulation of capital; and the aid of mechanical powers is hardly known.

In this rude state of society, limited as the enjoyment of even the common wants of life is, the country, though by nature fertile, is but thinly inhabited, and great individual industry and skill are required to relieve the demands of nature. Our German ancestors, when history first presents them to our view, as the indigenous inhabitants of the forest, were little removed from this state of primitive rudeness. Eventually, colonization, commerce, and civil liberty have laid the foundation of that progressive change which marks the almost incredible history of the people of the British empire. Yet the laws of nature which regulate the distribution of annual income, though altered in degree, remain the same in principle; and the necessities of life which might have formerly satisfied a German chieftain, would now be starvation to an English pauper. The blessings of civil liberty, united to a sound system of political economy, have raised the real comforts of the lowest ranks of the community above those which the highest classes formerly enjoyed. This has in a great measure resulted from securing to individual industry an adequate reward in return for the good management of each particular piece of ground, and of each particular portion of capital allotted to its care.

A survey of the actual circumstances of the world, and of the progressive changes to which the habits, customs, and manners of the same people are liable in the various periods of their history, afford sufficient evidence that, though the natural wants of life are uniform, yet acquired habits may *very considerably alter the supply resulting from them*. But this alteration is necessarily so slow and gradual, the principles of intercommunity are so intimately combined with each other, and old acquired habits become so much a part of man's nature, that the change cannot easily be perceived among the same people as they pass down the stream of time.

Since, then, the manners, customs, and habits of the labouring classes, so far as regards the requisite necessities of life, vary by extremely slow and almost imperceptible gradations; and since the law of natural want, in every given state of society, may be regarded as invariable, the natural wants of man, abstractedly considered, exhibit a uniform law of political economy, in reference to those physical institutions which regulate social relations, and the natural distribution of income. It is true that, among barbarous and civilized nations, and in hot and cold climates, the quantity of the common wants of our nature varies considerably; but, notwithstanding this circumstance, its tendency to uniformity is, in particular countries and situations, immutable; and on this

foundation, the whole structure of political economy is built. Population, value, and the distribution of annual income are regulated by the necessity of procuring subsistence, and the natural uniformity of those things which they demand.

SECTION II.

Population regulated by the Subsistence required, and the Means of obtaining that Subsistence.

DR. SMITH observes, that "every species of animals naturally multiplies in proportion to the means of subsistence; and no species can ever multiply beyond it. But, in civilized society, it is only among the inferior ranks of people that the scantiness of subsistence can set limits to the further multiplication of the human species."*

"It is observed by Dr. Franklin," says Mr. Malthus, "that there is no bounds to the prolific nature of plants or animals, but what is made by their crowding and interfering with each other's means of subsistence. Were the face of the earth, he says, vacant of other plants, it might be gradually sowed and overspread with one kind only; as, for instance, with fennel; and were it empty of other inhabitants, it might in a few ages, be replenished from one nation only, as for instance, with Englishmen."†

Mr. Malthus proceeds: "This is incontrovertibly true. Through the animal and vegetable kingdoms, nature has scattered the seeds of life abroad with the most profuse and liberal hand; but has been comparatively sparing in the room and the nourishment necessary to rear them. The germs of existence contained in this earth, if they could freely develope themselves, would fill millions of worlds in the course of a few thousands of years.

"Necessity, that imperious all-pervading law of nature, restrains them within prescribed bounds. The race of plants, and the race of animals, shrink under this great restrictive law; and man cannot, by any efforts of reason, escape from it.

"In plants and irrational animals, the view of the subject is simple. They are all impelled by a powerful instinct to the increase of their species; and this instinct is interrupted by

* Wealth of Nations, b. i. ch. 8.

† Principles of Population, b. i. ch. 1.

no doubts about providing for their offspring. Wherever, therefore, there is liberty, the power of increase is exerted; and the superabundant effects repressed afterwards, by want of room and nourishment.

“The effects of this check on man are more complicated. Impelled to the increase of his species by an equally powerful instinct, reason interrupts his career, and asks him whether he may not bring beings into the world for whom he cannot provide the means of support. If he attend to this natural suggestion, the restriction too frequently produces vice. If he hear it not, the human race will be constantly endeavouring to increase beyond the means of subsistence. But, as by that law of our nature which makes food necessary to the life of man, population can never actually increase beyond the lowest nourishment capable of supporting it, and a strong check on population, from the difficulty of acquiring food, must be constantly in operation. This difficulty must fall somewhere, and must necessarily be severely felt in some or other of the various forms of misery, or the fear of misery, by a large portion of mankind.”

All this is very true. The common necessities of life, and the means of procuring them, are continually setting bounds to the multiplication of the human species, and regulate the relations of public wealth, as far as they depend upon population. Where the means of living are in excess, the increase of inhabitants will naturally exceed the decay; plenty will draw population from those parts which are populous in proportion to the means of gaining a livelihood, and that plenty may be expected to diminish until the balance is adjusted between human wants on the one hand, and the means of procuring these wants on the other. This important law, arising from the invariable relation between natural wants and the means of obtaining them, regulates the abstract principle contended for in the last section, namely, that the supply of the common necessities of life has a constant tendency towards a definite proportion, by accommodating itself to the habits of each particular country and place.

Though the supply and demand of the necessities of life very seldom bear such an equalized proportion to each other as to permit population to remain stationary, because contingent and accidental events have always a tendency to obstruct it, yet its existence as an abstract truth is unquestionably correct; and either to deny or to overlook its general influence is to plunge at once into a train of endless absurdities and misconceptions.

In truth, the principles of population exercise a constant control over the degree in which the individual wants of the labouring classes are supplied. When they are in abundance, population naturally extends itself; in consequence of which, individual means become more narrowed, moral habits and feelings operate, reason and prudence present their powerful arguments, and progressive augmentation is either slackened or remains stationary.

At this point, where the pressure of population on subsistence limits its advance, the condition of the labouring classes will not become intolerable, provided moral restraints check population in due time. Even under a diminution of inhabitants, the influence of moral habits may render the circumstances of the lower orders comparatively easy. Indeed, it not unfrequently happens that the population of towns would diminish were it not replenished by emigration from the country.

From the immediate and intimate connexion between the principles of population and the common wants of life, they are both of them regulated by the same train of natural events. The confined limits of population in a fertile country inhabited by a savage people, and the scanty supply of their provisions, and the other comforts of life, as contrasted with a populous and well-cultivated country, stored with every elegance which ingenuity can invent, or industry and skill can fabricate, are subject, when considered according to the enlightened view of political economy, to similar principles of relation. Population and subsistence press upon each other in both cases. Nor can any very considerable difference occur in their actual circumstances, unless moral events should alter the constituted principles upon which those circumstances depend; and, even in that case, though an alteration of these principles should constantly manifest itself, an unremitting tendency to equalize the relative value of food and shelter, in proportion to the labour and toil of procuring them, would never cease to operate.

Perhaps no ordination of Providence proves more unequivocally the universal harmony and regularity of nature's laws, than the continual tendency of population, in every age of the world, to accommodate itself to the actual means of subsistence. As it has been decreed by a benevolent Creator, that man should eat his daily bread by the sweat of his brow, so plenty and an augmenting population are the necessary concomitants of industry and foresight, while want and misery must ever be the lot of indolence and improvidence, though a

half-starved people should be thinly scattered over the most fertile regions of the earth.

This principle is one of the chief causes which regulate the relations and proportions of the distribution of public wealth. Unless, therefore, we pay the strictest attention to the laws of nature by which the earth is peopled, we shall in vain attempt to lay down any general rules applicable to the order and arrangement of the science now under consideration, and we shall only amuse ourselves with speculations concerning an imaginary world.

We may conclude, therefore, that population has a tendency to keep pace with the means of subsistence, since they are inseparable links of the same chain, and nothing can touch or influence one of them which does not, at the same time, affect both. Notwithstanding, however, the intimacy of their connexion, they have almost a continual inclination to deviate from the general laws by which they are regulated, and the rise of either in the scale, from incidental circumstances, gathers additional weight as it ascends until the lost balance is restored. The principles of this relation always originate from the same cause; but the proportions of that relation have an unremitting tendency to accommodate themselves to habits, customs, and morals; to industry and skill, capital and commerce, united with the political institutions under which any nation may be placed.

SECTION III.

On the Labour of procuring the Means of Subsistence.

LABOUR is a consequence of our natural wants. In every state of society it is as necessary as food and shelter, since they cannot be obtained without it. Even where the bounty of providence has bestowed a fertile soil, yet, either from the prolific qualities of those plants and animals which do not administer to the common wants of man, or from the intervention of deep swamps, &c. it naturally presents all the barrenness of the desert, and mostly requires persevering labour and toil before it becomes highly productive. By labour, then, long continued and judiciously applied to the soil, the natural obstacles to the procurement of subsistence are more and more removed as public wealth advances; and abundance and fertility often mark the very spot on which once stood the most impenetrable thickets of the forest, or the deepest swamps of the vale.

In every cultivated and prosperous country, the progressive steps are perceivable by which industry and art have subdued the various obstacles of nature, and given the human species a greater command over useful and necessary productions.

In opposition to this plain matter of fact, Mr. Ricardo has stated the following extraordinary proposition: "When land is most abundant, and *most fertile*, it yields no rent; and it is *only* when its powers *decay*, and *less* is yielded in return for labour, that a share of the original produce of the more fertile portions is set apart for rent." Had Mr. Ricardo possessed any practical knowledge of agriculture, he must have known that the judicious cultivation of land never can occasion a "decay" in its productive powers; and that the increase of population is uniformly the consequence of individual labour acquiring a greater command over the means of subsistence.

In proportion as each individual labourer acquires this command over the means of subsistence, the natural and necessary augmentation of population takes place, and uniformly advances with the additional means of living, which more productive labour, applied to the production of the common necessities of life, has procured. It hence follows, therefore, that neither the more productive powers of labour, nor an additional population, have the effect of altering the relative circumstances of the labouring classes, because the augmented means of production and population necessarily move on together; the advantages of more productive labour being again withdrawn in consequence of population uniformly and steadily keeping pace with the additional means of subsistence.

Wherever an able-bodied labourer can raise as much produce from the soil, by his annual exertions, as will enable him to purchase necessities of life sufficient for his own maintenance, and that of a family, and to raise also that which will enable him to pay for the use of the work-tools, capital, or any other facilities of labour that he may employ, the cultivation of land will be invariably proportionate to the means he possesses of accomplishing it. This principle, however, is necessarily limited. Taxes directly levied upon the gross produce, namely, tithes, may disable the labourer from satisfying his own immediate wants, and from paying to the capitalist the reward which he has the power of demanding for the use of his work-tools, &c. Should the capital which the labourer employs belong to himself, it does not alter the distribution of the gross produce, and he is able to command a reward for the application of both his labour and capital. Taxes, then, levied on the gross produce of cultivated land, often operate

as a legal check to the progress of cultivation and the advance of population, and set bounds to them sooner than their natural limits would accomplish. The clear annual value of the natural produce or pasture, and the annual value of the first portion of cultivated produce, including all expenses, must also be deducted from the gross produce of cultivation, before the share of the labourer and capitalist commences, and before the last additional cultivation can be profitably carried on.

The last additional portion of labour, therefore, applied to the cultivation of land, yields no more annually than what will enable the labourer to perpetuate the human race, and pay to the capitalist the common rate of profits for the additional capital employed from incidental occurrences. In particular cases, indeed, this general law may be evaded: and it is, in reality, always the case, that the universal balance of natural events is never exactly adjusted, nor can ever be so, owing to the continual occurrence of fresh incidents. Still the relations of society remain true to those general principles, influenced, at the same time, by moral habits and intellectual causes, which are continually equalizing the multiplication of the human species on the one hand, with the means of subsistence on the other.

It must, however, be observed, that the labouring classes compose that portion of the community which sets bounds to population, and has a constant tendency to advance to the means of subsistence which cannot be surpassed; since they can only live, and continue the race of labourers, by preserving the equilibrium between the demands for the common necessities of life, and the augmented ease or difficulty of obtaining them by labour. Comparing one time with another, their relative circumstances can undergo no alteration but what arises either from a variation in moral habits, or in the mediate state that occurs in the progressive changes to which national wealth is liable. In either of these cases, any variation that may occur is scarcely perceivable, as appears from the uniform means of living enjoyed by farm labourers in Cumberland during ninety years, as shown in Table, No. I. of the Appendix. In years of extraordinary plenty or want their circumstances, it is true, have been meliorated in the one case, and considerably deteriorated in the other; yet, in taking any period of twenty years within the last ninety, it is impossible to say when their comforts have been the greatest, or when they have been the least. The more rapid increase of population since the year 1790, which has taken place in consequence of the greater command of individual labour over the

production of the means of subsistence, occasioned by an increase of capital, industry, and skill, seems to prove that the labouring classes have been better provided for in the last thirty years than in the thirty years preceding 1790.

In the actual walks of life, nothing is more common than to hear the labouring classes complain of the diminished means of living, while their employers are complaining of the excessive dearness of labour. If they would only reflect how difficult a thing it is to arrest the laws of nature, and what a powerful bias population and subsistence have to accommodate themselves to each other, the one would become much less *dissatisfied* and the other more *charitable*. They would see that man is placed in relation to man in a circle of natural events which cannot be invaded, and to which we are in duty bound to submit in obedience to an all-wise Providence. Man, therefore, would thus be taught by the very first principles of political economy, that the great duty of attending to the necessities of others, must invariably contribute to promote the happiness of the benevolent by the very relieving of the wants of the poor, and that it is more blessed as well as more noble to "give than to receive."

The physical powers of the human frame, among different nations of the world, perhaps vary in a very trifling degree. But application, knowledge, and capital have increased these powers amazingly in some countries, while in others industry, intelligence, and reason have hardly effected any improvement upon the "talent" which nature has bestowed.

This position may be aptly illustrated by a reference to history. When the aborigines of the eastern world left the shores of Asia Minor, and entered upon the woods and morasses of Europe, we may naturally suppose them almost destitute of every artificial aid.* No forests were then cut down, no morasses drained, the ground had received no culture, and, most probably, even the economy of pastoral nations was not resorted to. As civilization advanced and capital was acquired, and when each particular plot of ground was placed under the care and good management of a particular owner or owners, the powers of each individual labourer would advance by slow but sure gradations. It is this development of the powers of labour which has changed the natural condition of man, enlarged the means of production, and effected that moral and intellectual improvement which

* It is natural to suppose that Western Europe was originally peopled from the east. The structure of language, and the unquestionable records of history are strongly in favour of this view.

has raised the indigence of civilized life above the most ample provision which a savage people usually enjoy. The labouring classes, politically considered, still remain in the same relative station of the community, as when the development of the individual powers of labour commenced; that is, they are able to do little more than exchange one day's labour for one day's subsistence, because the natural multiplication of population causes an increased demand, always equal to the more enlarged supply of the necessaries of life which more powerful labour produces.

Less produce is not at this period yielded in return for the last additional portion of labour applied to the cultivation of the soil than on former occasions. If it were so, population would either stand still or recede from it. In short, though Great Britain supports more than twice the population it did a century ago, and that too in a more ample and extravagant manner, yet the labouring classes find no greater, if not less difficulty, in supporting themselves by the earnings of labour, and for providing for the maintenance of their offspring, than our ancestors did. This circumstance is wholly to be attributed to the augmented powers of individual labour over production.

SECTION IV.

On the Physical Relations upon which Political Economy necessarily depends.

NATURE has placed man within a circle of physical events, out of which he cannot possibly escape. Were he deprived of food and shelter he would soon cease to exist. Labour is necessary to the procurement of them, and he no sooner exerts the powers of industry, foresight, and skill, in order to make a more ample provision against future wants, than an augmented population steps in and levels his present state with his former condition. This proposition is, however, limited to those whose means of support depend almost wholly upon the sale of daily labour, and who have stored up little or no former products of labour as a provision against future necessities.

For though, in every stage of society, those who have nothing to sell except their daily labours, may be able to do little more than support themselves and repair the gradual decay of population; yet, as wealth advances, a number of capitalists present themselves who are not only able to supply

their own wants, but also possess funds, which may either be laid out in a further accumulation of capital, or disposed of in the attainment of objects which nature has not rendered absolutely necessary.

In the purely natural state of man, before the accumulation of capital has commenced, the annual exertions of the whole people are hardly able to do more than support themselves and repair the gradual decay of their numbers. They have few or no disposable funds with which they can either purchase mere objects of desire, or store up a capital stock in aid of future industry.

When a capital stock has been laid up, and the cultivation of the soil commenced, it is obvious that the purely natural relations of man are materially changed, and that a new source of income has been opened, namely, a reward is offered for labour laid by for future use, independent of its immediate value. The labour of one day will necessarily exchange for another during any certain period; but ten days labour, advanced at present, to be returned at the end of twelve months, might at that moment be worth eleven days labour; and, therefore, that person who could advance ten years labour beforehand, would have precisely the same relative means of living, though he should spend a purely inactive life, as he who should pursue his daily labours with unremitting attention. Though this circumstance might contribute to exalt the station which the capitalist held in the community, it would make no difference to him who possessed nothing that could be sold except present labour, because he would be able to do no more than support himself according to the habits, customs, and manners of the community in which he lived; and, however efficient the individual industry of the labouring classes may become, population will be found to multiply in proportion as the augmented production of individual labour may enable them to live. Therefore, the leading principle of political relations, that nature has established among savage nations, and which, every thing considered, exactly equalizes the demand that one day's labour and toil possesses over one day's subsistence, according to the habits and customs of a rude and uncultivated people, remains immutable through every progressive stage of society, however productive the annual returns of the soil may become, however great the accumulation of capital may be, or however much mechanical aids, dexterity of hand, and knowledge of any description may assist the powers of industry.

The general rule here attempted to be laid down is at once so consistent with what we observe in real life; it is grounded

so exactly upon the selfish principle and reasoning powers of our nature; and the evidence and facts connected with it are so distinct and capable of analysis, as to leave no doubt about its correctness. Like most general rules, it is certainly liable to exceptions. Indeed, owing to an unceasing train of temporary incidents with which it is at all times intimately blended, the evidence upon which it rests must be sought for in the direct condition of the labouring classes, abstractedly considered, and not by adducing particular and individual circumstances. Like the seasons, it exhibits continual changes; but, like them, it is always subject to a train of periodical returns, which may be distinctly separated from temporary occurrences. In truth, all the other rules of the distribution of annual income are ingrafted upon and must be traced from it, and are finally resolvable into the relative situation in which labour, soil, population, and the necessities of life have placed the human species, and caused them ultimately to preserve certain definite relations to each other.

CHAPTER II.

ON VALUE.

SECTION I.

On what occasions the Exchangeable Value of Commodities, and on what that Value depends.

VALUE in exchange is occasioned by necessity. One year's labour must, of necessity, command one year's subsistence.

It is of little use to illustrate value by a set of negations, or to say that water is valuable, that the air we breathe is valuable, while they offer no value in exchange, owing to their plentiful supply. It is a fact, that subsistence is an indispensable requisite of life, which cannot be acquired without labour, and, on this account, the demand of the common wants of life occasion labour to bear value in exchange. This circumstance, then, is what occasions and lays the foundation of exchangeable value.

Since labour is the agent which produces, and subsistence the product of that agent, their utility is naturally equal; and, on this account, our natural wants cause a demand for the one, while the other produces the supply of that demand. Again, the cultivation of land is but another name for labour, and population is what occasions that labour. It can hardly be too often impressed upon our attention, that population is continually rising up to the means which individual labour can produce, and when these means are inadequate to the support of an additional number of inhabitants, no further multiplication of the species can take place, unless the powers of individual labour should be increased. This continual action and re-action between labour, soil, population, and subsistence, is at all times equalizing their value with respect to each other. Were it not for this circumstance, equal quantities of labour could not maintain the same value in point of utility. For, naturally, value depends upon and originates with the necessity of having subsistence, and labour acquires value from being the means of procuring it. The same sources for living in any period of time of not less than twenty or thirty years, when compared with any other period of equal duration, gives us the most distinct idea of equal values; and, as equal quantities of labour, applied to the cultivation of land, have a natural tendency to return equal quantities of the means of subsistence, so equal quantities of labour and equal means of living are naturally equal in value.

To place the principles of value in another light. If L.100 in this country, on an average of the twenty years ended 1720, would command precisely the same means of living in the twenty years ended with 1820, the exchangeable value of the L.100 might be said to be equal. To bring our notions of equal values to a still more determinate point, the L.100 in each of these periods of time must have been precisely adequate to the maintenance, either of an equal number of husbandry servants, or to the purchase of their services.

But, provided the L.100 paid for the services of husbandmen in each of these twenty years, would command either more or less of the means of living in the one period than in the other, its value would have varied accordingly. For though, at this particular period, one day's labour may naturally exchange for another, and is, in fact, of equal value; yet, in comparing the value of one day's labour one hundred years since, with one day's labour at present, if they did not naturally command an equal means of living, they would not be equal in value, as it is equal means of living that forms the foundation of equal values, and not equal quantities of labour. A stand-

ard of value, which finds its natural level, may be at present perfect, yet, at a future period, it may be very imperfect; and therefore labour is not a correct standard of value, because one day's labour has a natural tendency at present to exchange for another day's labour, but because the labour of one day naturally commands an equal means of living during any intermediate period.

It is from this principle that equal means of living do not depend upon the wages of labour being sufficient to purchase the same quantity of any particular sort of provisions in one period of time which they do in another, since the sort of provisions most commonly in use may become either more or less expensive, but because the earnings of a day-labourer ought to purchase the means of support for himself and family, according to the customs and habits of the people. "The power of the labourer to support himself, and the family which may be necessary to keep up the number of labourers," says Mr. Ricardo, "does not depend on the quantity of money which he may receive for wages, but on the quantity of food, necessaries, and conveniences, become essential to him from habit, which that money will purchase." The use of animal food may, therefore, in time, be partly exchanged for a greater portion of bread, and in the same way bread may give way to potatoes. A change from animal food to bread, or from bread to potatoes, that is, from a dearer to a cheaper sort of food, would have the effect of raising the value of food in general, because one day's labour would have a tendency to rise in value, together with the change, since the means of living would be cheapened; but because population would also augment as the means of living became easier, so the value of the day's labour would remain stationary, and that of any equal quantity of provisions would rise. For, it must be remembered, that man's natural wants have a powerful tendency to follow the common habits of living which may happen to prevail at any particular period.

To put the question in another way. A L.100 Bank of England note can have no value but that which it represents. Now, if A in the year 1722, lent to B a L.100 Bank of England note, to be returned in 1822, together with the common rate of interest, the value of such bank note would be the same in both periods if it purchased equal quantities of labour. But it would not prove that its value had remained uniform, because it would purchase an equal quantity of animal food, bread, or potatoes, since the habits and customs of the people may have varied the value of food, whereas it was not in their power to change the value of labour, in conse-

quence of the self-regulating principles which are inherent in the social fabric.

SECTION II.

On the Measurement of Exchangeable Value.

A TRUE standard of value proposes that contracts of time shall be fulfilled and measured by a money unit, which commands an equal means of living.

In defining equal means of living, as it applies to separate periods of time, we are to banish from the mind every consideration connected with the incidental fluctuations of market prices, which are occasioned by any temporary occurrence in the supply and demand of the common wants of our nature. For, though a system of money may enable us to carry on most of our present transactions and sales with tolerable correctness, it is chiefly with a reference to contracts made at different periods that we are to consider the truth or falsehood of a standard of value. Besides, sound contracts of time or money-loans are mostly represented by a fixed capital stock, in buildings, land, &c. the value of which, generally speaking, is subject to few alterations of value from temporary incidents; or they consist in annuities, chiefly paid out of the annual proceeds of such capital stock, or in annual rent paid for the use of them. It is not, therefore, any immediate or particular prices we are to refer to in order to ascertain the truth or error of a standard of value, but average and general prices in a natural state.

As value originates in the necessity of obtaining our natural wants by labour, and as food is the main cause of those natural wants, so an equal quantity of labour, applied to the cultivation of land in distinct periods of time, gives us a clear notion of equal values. If, then, a L.100 Bank of England note, the value of which is purely representative, would have exchanged for equal quantities of labour, applied to the annual cultivation of land, in 1722 and 1822, the L.100 Bank of England note would have been as nearly equal in value in these two years as can well be conceived, because it would afford, in both years, the same relative means of living to those who earned the L.100 by the sale of their annual labours. The reader will find this view of relative value still more clearly illustrated in the progress of this work.

The chief end of a true standard of value is not altogether so important with respect to the adjustment of immediate

market prices, as that every money security of time should be fulfilled in the strict letter of the contract, namely, by the repayment of value received, or an equal means of living, for that is the original intention of the contracting parties themselves; and, unquestionably, the happiness of every community depends in no trifling degree upon this great principle of equity and justice being at all times preserved.

Hitherto nothing has been said of the precious metals as a standard of value. Every political economist, even Mr. Ricardo himself, has acknowledged that they are an erroneous standard, and can only be justified on the ground that no better rule of value has yet been discovered. It would appear that the annual services of an able-bodied labourer, employed in the cultivation of land, naturally exchange for the same means of living, coincident with habits and customs, at all times, and in all countries. Now, if we examine the quantities of fine silver and gold which a day-labourer has been able to earn per week in this country, as shown in tables No. 11 and 12 of the appendix, it at once appears evident that the precious metals are a very bad standard of exchangeable value. Take as an instance, by estimates, made from the data furnished by Sir George Shuckburgh, a day-labourer could earn only 1 oz. 5 dwt. 1 gr. of fine silver per week in the year 1780; yet, according to estimates made from the data as given by Mr. Malthus, in 1808, a day-labourer could earn 2 oz. 10 dwt. 9 gr. of the same. Though divested of temporary incidents, it cannot be supposed that the price of one week's labour would command either one per cent more or less, of the means of living in the one year than in the other; yet, according to these two writers, the value of fine silver had fallen in value, in twenty-five years, more than cent per cent. Every monied obligation contracted in 1780, and discharged by the payment of an equal quantity of fine silver in 1808, would purchase only one half of the means of living in the latter year, which had been formerly advanced by the creditor. In fact, pecuniary obligations were discharged by the payment of ten shillings in the pound, which proves the injustice of a metallic standard of value. Indeed, it is notorious, that all those who lived upon fixed annuities in the years 1780 and 1808, could not purchase more than one half of the means of living in the one year, which they could in the other.

There is no subject to which the human understanding has directed itself which appears to present more difficulties than that of a money unit retaining an equal value in separate and distinct periods of time; and yet it is the very foundation on

which the good faith and intention of all our money contracts rest. Accustomed to all the varieties and never-ending fluctuations of market prices, which are evidently occasioned by those temporary and incidental events to which the supply and demand of commodities are liable, we quickly lose every trace of the changes to which the current pound, as a general measure of value, is liable; and we scarcely ever suspect the sweeping plunder inflicted upon one set of people, to the advantage of another, until evidence the most unequivocal has shown itself, and which cannot be misunderstood as a fact, however impenetrable the causes and removal of such a system of injustice may theoretically appear. People in general have such a dark conception of a money unit being unjust or variable in value, that they never scruple to attribute every general rise or fall of prices to an immediate scarcity or abundance of commodities. With them it is war, or peace, a superabundance, or a deficiency of marketable articles that has occasioned prices to rise or fall. Whereas, neither peace, nor war, nor superabundance can possibly produce any general rise or fall of prices, were the standard of value in itself true. Every general rise or fall of prices is wholly to be attributed to a defective standard of value, or system of money, which forces an improper augmentation or diminution of its quantity, and which by no means originates in the general supply and demand of articles of value. Prices are regulated by the quantity of money on the one hand, and the business which requires to be transacted on the other. Where the circulating medium is metallic, or paper which represents metallic money, its quantity may be either unjustly augmented or diminished by an alteration in the amount of the substance or basis of money, or that substance may be divided into either more or fewer nominal parts. In either case the standard of value would be erroneous, as equal quantities of money, abstractedly considered, would no longer command equal means of living.

A true standard of value proposes that the debtors shall pay back to their creditors what is sufficient to purchase a quantity of labour equal to that which was originally received. This is the intention of every monied contract of time, and the spirit, letter, and design of every bond. But so completely were the debtors of 1780 empowered to evade the principles of repayment here laid down, through the medium of a currency imperfectly regulated, that, in 1808, their creditors had no legal claim upon them for more than one half the quantity of labour originally advanced, or, in truth, the one paid the other with ten shillings in the pound.

It must be confessed that, as a true standard of value refers to the purchase of marketable articles in general, the value of which is naturally regulated by the labour employed in their production, it is extremely difficult to estimate value by any particular marketable article, unless that article should maintain an invariable value in the market, when compared with the prices of things in general. A comparison of the value of gold in 1780, with what it was worth in 1808, or the commodities it could purchase or exchange for, clearly shows that it is far from being an article of merchandise with which we may justly compare the value of all other articles. It is equally obvious, that equal quantities of labour employed in the annual cultivation of the soil, must necessarily be a true standard by which the value of other things may at all times be correctly measured, owing to its being the agent which supplies the common wants of life, the very foundation and cause of exchangeable value, and also to its retaining an equality of supply and demand, connected as it is with the annual cultivation of the soil and the demands of population one year with another.

Though we may be clearly and sufficiently satisfied of the fitness of annual labour employed in husbandry for the purpose here alluded to, still we are no nearer its practical application as a measure of value applied to the regulation of the circulated money unit, unless we shall lay down satisfactory rules by which its market rate may be taken out of the abstract form in which it presents itself, and be exhibited in a definite and ascertained form which shall agree with the general rate of prices. Suppose this difficulty to be overcome, it still remains to be shown in what manner it may be safely and correctly applied to the regulation of the circulating medium, and the unremitting maintenance of a true standard of value.

In order to attain this desirable object, we must trace the bearings of husbandry labour through a chain of absolute events, and show the certainty and simplicity with which it is capable of being applied, and to which the reader's attention is peculiarly directed in the progress of the work now before him. We readily confess that we see no method by which a perfect circulating medium may be instituted, but it is surely the most politic and just to approximate that perfection as nearly as we can. So far as divisibility, weight, and quality are concerned, the precious metals are fit instruments of exchange. But, in a flourishing state of commerce and manufactures, the development of mechanical powers and capital, the free state of trade with foreign nations on the one hand,

and the restrictive measures attendant upon it on the other, the precious metals are a precarious and unjust standard for regulating contracts of time. And why? Because, in proportion as the steam engine and other mechanical inventions give labour a greater command over production, the value of the precious metals has a tendency to fall; and, in proportion as foreign commerce is restricted, they have a tendency to rise in value. This is their peculiar defect in the present state of the world.

SECTION III.

The annual market price of able-bodied farm labourers shown to be the most correct rule by which the immediate value of the money unit can be ascertained.

THOUGH it be contended that the market price of labour fluctuates according to the supply and demand of the market; yet, as the same quantity of the cultivation of the soil is annually required, and as able-bodied farm labourers, who are employed during the whole year, or from one half-year to another, are constantly regulating and equalizing the supply with the demand, so the annual market and natural price of able-bodied farm labourers very nearly agree at all times. Of course, a rise or fall in the market price of able-bodied farm labourers, engaged the whole year round, or from one half-year to another, is by no means a proof of a variation either in the supply or the demand of the quantity of labour brought to market, but a proof that the value of the current money unit has varied. Most political economists have contended that labour is as erroneous a standard of value as any other commodity, owing to the fluctuations which continually occur in the supply and demand. Though this may be true with respect to many sorts of labour, it is not true with respect to the peculiar class of labourers just mentioned.

Should the annual demand for labourers to cultivate the ground either rise or fall at any particular time of the year, or should the annual cultivation itself either increase or diminish, it scarcely ever affects the value of able-bodied men, regularly engaged, to the amount of one per cent; while, on an average of years, their market price and natural value must remain as nearly uniform as possible. The fluctuations in the price of farm servants, which may be attributed to some variation in the supply or demand, is either confined to particular times of the year, to the younger portion of ser-

vants, or to those who follow any particular species of labour regularly allotted them; and are either drawn from or return to other descriptions of industry as their interest leads them. And so far is this class of men from disturbing the regularity of the supply and demand of able-bodied men, engaged during the year, that it has a powerful tendency to equalize them with each other.

Now, provided an equal quantity of money would always purchase the same quantity of annual labour applied to the cultivation of the ground, the natural price of provisions would at all times be drawn towards one common rate, whatever variations might occur in the returns of the annual production. For, as the cost of production regulates the natural price of commodities, and as the market price of labour regulates that cost, because it is the immediate agent which augments production, so the natural price of that quantity of provisions, which is required for the support of a labourer and his family, would be the same with regard to the uniform rate of wages.

A fluctuation in the market price of provisions has very little effect on the annual market price of able-bodied farm servants, because it makes little or no impression on the annual supply and demand of this class of labourers. Besides, if it were the case, in the progress of this work it will be shown that, should such a circumstance occur, it may be always distinctly ascertained.

It is a general rule in the production of all commodities, that when a variation, evidently temporary, occurs in the supply and demand of the market, it has little or no effect on the price of labour, should the supply and demand of that labour be finally uniform. We see this principle exemplified in the price of coal in London and Dublin. Though the market price of coal be continually fluctuating in both these places, not the slightest alteration in the price of labour by which coal is raised from the mines, either at Newcastle or Whitehaven, is thereby occasioned. In the same way, neither the dearness nor the cheapness of provisions produces any lasting change on the price of able-bodied farm servants engaged during the whole year, as the demand for cultivation and the supply of labourers remain nearly the same.

Again, the market price of the labours of those who follow job work is almost constantly varying at different seasons of the year. The reason of this is obvious; though the supply be the same, the demand is greater at some seasons of the year than at others; therefore, the market price may either rise or fall according to this circumstance. The cause why we see

farm servants engaged during the whole year at a uniform price for each week, does not arise from a fluctuating disposition on the part of either masters or work people, since the supply and demand of annual labour is regular; for labour, when applied to the production of subsistence, assumes a necessary value. And the relation between the act and the object of that act presents the most correct rule by which value in exchange can be measured; because it gives rise to value.

Every other sort of labour has a natural and reciprocal tendency towards equality of reward with each other, and with farm labour. Therefore, as the reward of farm labour is regulated by the laws of necessity, and as the recompense of other sorts of labour is proportionate, so farm labour is a correct measure by which the value of labour in general may be estimated.

Dr. Adam Smith, b. i. ch. 10, has entered into an elaborate inquiry in support of the following propositions. "The whole of the advantages and disadvantages of the different employments of labour and stock, must, in the same neighbourhood, be either perfectly equal or continually tending to equality. If, in the same neighbourhood, there was any employment evidently either more or less advantageous than the rest, so many people would crowd into it in the one case, and so many would desert it in the other, that its advantages would soon return to the level of other employments. This, at least, would be the case in a society where things were left to follow their natural course, where there was perfect liberty, and where every man was perfectly free, both to choose what occupation he thought proper, and to change it as often as he thought proper. Every man's interest would prompt him to seek the advantageous, and to shun the disadvantageous employment.

"The five following are the principal circumstances which, so far as I have been able to observe, make up for a small pecuniary gain in some employments, and counterbalance a great one in others. First, the agreeableness or disagreeableness of the employments themselves; secondly, the easiness and cheapness or the difficulty and expense of learning them; thirdly, the constancy or inconstancy of employment in them; fourthly, the small or great trust which must be required in those who exercise them; and, fifthly, the probability or improbability of success in them."

This able author concludes that, "the five circumstances above mentioned, though they occasion considerable inequalities in the wages of labour and profits of stock, occasion

none in the whole of the advantages and disadvantages, real or imaginary, of the different employments of either. The nature of those circumstances is such, that they make up for a small pecuniary gain in some, and counterbalance a great one in others."

Dr. Smith has illustrated these several propositions, both in respect to their general and particular bearings, with that happy tact of exemplification so peculiar to that distinguished writer.

Labour then, upon general principles, in proportion as it enters into the cost of commodities, except when a commodity is placed in a state of monopoly, as land for instance, enhances their natural value in precisely the same degree; and their market price will determine the extent of production by laws corresponding with those which regulate the natural limits of farm labour. Hence the rule of estimating the value of commodities in general by farm labour is perfectly correct, admitting that labour be a correct rule by which exchangeable value may be ascertained.

It is a general rule in the production of every marketable article, that the last additional portion, added to the whole supply, will do no more than repay the cost of labour and remuneration of the capital employed in its production. In case any commodity allows more than this, the supply will naturally increase; and if the market value does not, upon an average, allow these two component parts of cost, the supply will diminish.

It is this universal and active principle, diffusing and extending itself in every direction, which regulates the relations and proportions of political economy. Necessity marks out the natural bounds of value, and consumption and production are universally accommodating themselves to this first law, constantly regulated by the last additional portion of production, in reference to the demand.

A positive check may, however, be imposed upon production long before it sets natural bounds to itself. Naturally, the gold mines of South America will be worked so long as the market value of the produce will enable the workman to gain a livelihood, and remunerate the capitalist who sets him to work. But, should the Spanish government impose a duty upon every ounce of bullion procured, the further progress of mining will be stopped when the produce will not only defray the cost of labour and capital, but also the duty imposed by the Spanish government.

The actual demands of the market determine the supply, and the supply is regulated by the lowest cost at which it can

be brought to market. There is, then, a continual action and reaction between the supply and demand of the market. They are co-relatives, controlled by the same physical law—the ability of procuring a livelihood at the lowest rate possible, coincident with the habits, customs, and manners of any people.

In every state of society, whether among the half-fed Indians of South America, or the more polite and accomplished nations of Europe, production and consumption are constantly regulated by the consequences arising out of the natural relations and proportions of supply and demand under which the human species are placed. Animated nature everywhere yields to the same law.

It is upon this elemental basis we form our notions of value. The same source furnishes the most correct standard by which value can be measured. If the views just stated differ from those of Mr. Ricardo and Mr. Malthus, perhaps it may be owing to the circumstance, that these able writers have not paid sufficient attention to the natural predicaments in which man is placed.

If we run the eye down column third of table 19th, in the Appendix, we find that the sum of money adequate to the purchase of equal quantities of labour, wear and tear, in the cultivation of 100 acres of land has been continually varying. This variation is wholly to be attributed, either to some rise or fall in the nominal price of the precious metal, or to fluctuations in their exchangeable value as articles of merchandise; and had the nominal price of the precious metals been varied as the annual price of farm labour had a tendency either to rise or fall in price, the price of that labour must necessarily have remained stationary, and the current money unit continued invariable in its command over the means of living.

On the contrary, in consequence of a false standard of real value in exchange, the current money unit of England, since the year 1150, has varied in value in the proportion of L.9. 1s. 6d. to L.149. 13s. 9d. That is, L.9. 1s. 6d. in the year 1150, would command equal means of living with L.140. 13s. 9d. in 1808. War and peace, the supply and demand of commodities, and the augmentation of population have had nothing whatever to do in producing this rise in prices, but it has been wholly occasioned by an imperfect system of money. Had a proper system of money been adopted, from 1150 to the present time, L.9. 1s. 6d. would still have been sufficient to discharge the cost of labour, wear, and tear, of the stated mode of the cultivation of 100 acres of land, upon which the table referred to is estimated.

CHAPTER III.

ON THE APPLICATION OF CAPITAL TO THE CULTIVATION OF LAND, AND THE DISTRIBUTION OF THE GROSS PRODUCE OF THE SOIL.

IN the natural state of mankind, before the accumulation of capital has commenced, the united labours of the whole community are equal to no more than its necessary maintenance. All income is then confined to the proceeds of labour, and population is distributed over the face of the earth according to the same rule which naturally regulates the depasturing of a herd of cattle. Whatever the fertility of the soil may be, the difficulty of procuring subsistence is nearly the same to each family; for the more productive any particular region may be, the more populous it naturally becomes; the circumstances of the whole people are equalized with their powers of individual labour, and no income arises either from profits or rent. Such is the natural state of man, upon which the artificial relations of civilized society have been formed.

We are, therefore, now come to that stage of our inquiry, which points out the peculiar shades of difference in the distribution of annual income among the people in the two distinct states of nature and art.

Capital is but another name for labour hoarded up for future use. When it is the hard lot of seafaring men to be shipwrecked on an uninhabited coast, however fertile the soil may naturally be, if not under proper culture, starvation stares them in the face. But when capital or labour has been laid out in the cultivation of the soil, the misery of the natural state is exchanged for the plenty of that which is artificial, and the shipwrecked mariner may meet with a haven and a home, where he would otherwise have been surrounded with desolation and hunger.

Even among hunter tribes, by a sort of tacit consent, the right to particular hunting ground is acknowledged to belong to particular individuals, or particular tribes. These rights are, however, so precarious as to hold out little or no encouragement to apply capital to the cultivation of the ground. But when the right to each particular plot of ground, and of

what is produced upon it, is firmly secured to particular individuals by the laws and usages of the community, encouragement is held out for the investment of capital, and greater powers of labour occasion the annual produce of the earth to become more abundant. Though the division of land may be fully acknowledged, there are three other circumstances required before it can become highly productive. There must be a population to consume the produce, the owner of the soil must have the means of commanding labour to a greater amount than what is annually requisite for the support of himself and family, and a previous capital must be imbodyed in the soil.

From these three circumstances, the progressive accumulation of capital must at the commencement be very slow. First, there is a want of population; secondly, the owner of the soil has little of the produce of his annual industry to dispose of, after the necessities of himself and family are provided for, because a provision must be made for his natural wants, before any portion of his labours can be set aside towards the accumulation of an additional capital; and when the whole community are in a state of comparative indigence, the labours of other people cannot be procured on credit, or by way of loan, as they have none to dispose of. For capital can never begin to accumulate, unless the whole produce of the annual labours of the community exceed what is annually consumed in the natural wants of life: these are essential, and must be first supplied, before any part of the produce of annual labour can be allotted either to capital or the luxuries of life. Hence all income may be divided into two classes; one indispensibly necessary, and the other perfectly at the disposal of the will of the owner, after the necessary income has been withdrawn. All income is, therefore, either necessary or disposable. When the disposable income, arising from capital accumulated from former industry, is augmented, it becomes much easier to advance a new and additional capital out of the gross income. In the early stages of the accumulation of capital, the annual funds of the whole community may divide themselves into ninety-five portions of necessary, and five of disposable income; whereas in a much more advanced state of public wealth, the necessary income may be diminished to fifty portions, leaving the other fifty portions disposable, and applicable either to the repair of capital, its further accumulation, or expenditure in such articles as the owner of any disposable income may be induced to consume merely from an acquired desire.

In a more advanced state of public wealth, according to the principles of compound interest, it becomes infinitely more easy to accumulate capital than in the commencement; because, in the one case, the disposable labour, from which capital originates, is excessively limited; whereas at a future period disposable labour may be superabundant.

The chief utility of capital is that it renders the immediate powers of each individual labourer more productive. Former labour or capital has cut down the forest, raised hedges, made roads, erected farm buildings, and drawn together a stock of proper implements; it has also enriched the ground by culture, selected a class of highly nutritive and productive plants, and reared a stock of suitable domestic animals. In a state of nature, therefore, before this accumulation of capital had commenced, the whole produce of the soil was only adequate to the maintenance of the labourer and his family. Subsequently to the accumulation of capital and the cultivation of land, a new distribution of the soil was established. First, the owner of the soil had the power of demanding a reward for the fixed capital employed; secondly, the occupier also demanded a reward for the moveable capital engaged in its cultivation; thirdly, the maintenance of horses or other animals employed in cultivation, together with seeds of different sorts to sow the land, was also to be provided for; and, fourthly, those who contributed their daily labour, either to the annual cultivation, to the repair of its productive powers, or to the embodying of a new capital in the soil, had the power of demanding a reward equal to the maintenance of themselves and families. When, therefore, capital was applied to the cultivation of land, under the superintendence and care of a particular owner of the soil, a new principle of the distribution of its produce was introduced.

The owner of the soil was placed in a situation very different from that of the owner of the moveable capital only, which might be employed in its cultivation, since he enjoyed the sole right of its particular management; whereas, the right of acquiring moveable property or capital was open to the competition of the whole community. When the owner of the soil laid out capital in its improvement, his reward was regulated by two circumstances; first, by the common reward of capital required in the free competition of the market; and, secondly, by the advantage of any additional reward which might belong to him as owner of the soil, because he held the sole right of cultivating; and therefore, the reward which he received for capital embodied in the soil, would be regulated by no general and usual rate of the profits of stock, but by

the peculiar advantages or disadvantages under which it might be laid out. It might return him cent per cent annually for ever, or it might return him only two per cent; and, even in the present improved state of this country, such different rates of profits daily present themselves.

We now come to the natural distribution of the gross produce of the soil, which occurs in every age and country. The first portion which is required belongs to those who contribute their daily labours; and however productive these may be, the reward which they have the political power to claim must be, during a succession of years, precisely equal to the regulation of population, according to the immediate state of public wealth, habits, customs, and manners. Under the head of labour is included the wear and tear of implements incidental to the management of a farm, for they are chiefly composed of labour, or their cost is regulated by the value of labour.

The next portion deducted from the gross returns of cultivated land may be appropriately allotted to seed and horse provender, or the provender required by any other description of animals used in the labour of cultivation.

As the rate of profits of moveable stock employed in the cultivation of land is open to general competition, the next share which comes out of the gross produce is the usual rate of the profits of stock not laid out under the advantages of any peculiar monopoly.

As the owner of land expends the fixed capital imbodyed in the soil under all the advantages of a perfect monopoly, his share of the gross produce is that which remains after the three important claims just described are fully satisfied, and is that portion of the gross produce of land which is denominated rent; and every other annual charge which does not contribute to production, such as tithes, parochial assessments, public taxes, &c. is naturally subtracted from rent, or the owner's share, by constituting rent under another name.

When the owner of the soil has imbodyed a capital in its improvement, his annual rent is the reward he receives for the capital thus expended, and this reward depends altogether upon the judgment displayed in its application, and the local advantages he may possess with respect to the fertility of the soil, markets, &c.

Capital, when once imbodyed in the soil, or attached to it in the shape of roads, drains, hedges, &c. cannot be withdrawn from it in the same way as moveable capital; and when the owner of land lets it to a tenant, as he generally provides that the capital already expended shall be kept entire, so rent, afterwards, may cost him no farther advance of capital

or labour to secure its continuance; and it becomes an income which often requires no other labour or care than that of looking after the tenant, and receiving the rent when due.

Since capital may have been imbodyed in the soil for many ages, neither the present owner nor his predecessor may have advanced any new capital. The owner of moveable capital, lent to others who employ it, enjoys the same advantage with the person who receives an income from the rent of land; but, in some respects, it is better secured to him than the imbodyed capital. The state may seize upon the latter, and convert it for ever to its own use, as it requires no immediate expense to render it productive. But, in case it were to seize upon the former, it would, in a short time, go wholly to decay, in consequence of requiring that particular attention which each particular portion of moveable capital constantly demands. But the injustice in both cases would be the same; for the rent of land may be just as much the reward of capital, formerly advanced towards its good management, as the profits of the moveable stock which is used to obtain its annual produce.

As a proof that the public have a strong tendency to grasp at the surplus income of land, while they leave the proceeds of moveable capital untouched, it is only necessary to adduce the various parochial assessments levied upon the rent of land and houses, a description of fixed capital, which, though it may be allowed to go to decay, cannot be withdrawn like moveable stock.

SECTION II.

Showing the Advantages of securing to the Owner of the Soil its Surplus Produce, after the cost of labour and moveable capital employed in its cultivation are deducted.

THE public, by imposing permanent burdens upon the owner of the soil in proportion as he improves its powers of annual production, discourage and check its more careful and perfect cultivation in two ways. In the first place, they diminish the amount of the disposable funds from which he is enabled to expend an additional capital; and, secondly, they diminish the profits of that capital when expended. In a well-governed country, therefore, careful of the public welfare and prosperity, every permanent tax upon new capital, levied upon the increased productiveness of land, ought to be avoided;

and the most liberal reward offered to industry which the barriers of nature will allow.

Little penetration is necessary to comprehend that, were the whole of the produce of land, from its first cultivation, drawn away by the public, after deducting the expenses of labour, seed, and horse provender, and the regular profits of moveable capital, the cultivation of land would never commence, owing to no reward being offered for the fixed capital imbodyed in it; and every member of the community would be under the necessity of labouring, and of being limited to the scanty provisions incidental to a state of barbarism. Every augmentation of public wealth is produced by labour; and it is the expectation of an adequate reward which calls that labour into action. As the hope of reward, then, is the main cause which stimulates men to industry, so the right of bequeathing its proceeds to our friends and relatives is a rule of law wisely conceived, according to the first principle of equity, and necessary for the harmony and general welfare of the body politic.

Men, indeed, even in our own days, are not wanting who absurdly contend that what they call the useful classes of the community ought to possess the whole of the proceeds of industry. Such conduct proceeds from the idea that it is of no importance that capital accumulated by industry and economy should have any reward secured to it. Now, it is by savings out of industry carefully stored up for future use, that the labours of the immediately useful classes (if so the advocates of abstract right will have the labouring classes called) are able to produce more than what is equal to the maintenance of themselves and families; and since what they produce more than this arises from capital formerly accumulated by industry and economy, so the surplus produce, whatever it may be, of right belongs to those who have advanced the fixed and moveable capital employed in the cultivation of the soil.

It is true that, at present, they contribute no labour. The reason of this is self-evident, because either they or their predecessors have advanced it formerly, and the share which they enjoy of the produce of labour is a natural event arising out of the first principles of public economy, and the regular distribution of the reward of industry.

The returns of the fixed capital employed in the cultivation of land is evidently regulated by no uniform rate of profits, but by the natural fertility of the soil, and other local advantages under which it is applied. Notwithstanding this circumstance, it may be laid down as a general principle, that

the application of fixed capital to the cultivation of land is limited by the last additional portion of it, which returns no more than the ordinary profits of stock, and the other expenses incurred by cultivation. Should a tax, therefore, be levied upon that last additional portion, which returns no more than the ordinary profits of stock, and the expenses incident to cultivation, the capital cannot be advanced which might have been called into operation under more favourable circumstances. The tax cannot possibly be laid upon the produce, and subsequently upon the consumer; for, previously to the imposition of the tax, the whole produce, that is, the last addition to the whole supply, is supposed to be only adequate to the necessary claims of production, under the three heads of seed and horse provender, the wages of labour, and the profits of moveable capital. Should labourers and capitalists (seed and horse provender having been first deducted) not be permitted to share the whole of the additional produce between them, they will naturally neglect to carry on the cultivation of land; and, of course, a part of the capital stock will soon cease to be productive.

To illustrate this proposition, suppose 100 acres of land to be conducted under the following management, which, in a number of estimates in the future pages of this work, will be considered as a sort of standard farm: 1st, break up with oats; 2d year, summer fallow; 3d, wheat; 4th, clover and grass seeds; 5th, ditto; the medium selling price of wheat 80s. per quarter, and other produce in proportion, and returning a gross produce of L.484 yearly, upon which sum an annual tax of 5 per cent was imposed without producing any positive check upon the degree of cultivation here stated. But if an additional fixed capital of L.100 were expended in the improvement of this farm, for which a permanent return of 5 per cent was expected annually, together with L.2 a year profits for an additional capital laid out by the farmer, and also an addition of L.5 a year expended in human and animal labour, these sums would raise the charges, which came against the additional gross produce, L.12 a year. Now suppose the application of labour and capital here stated to raise the value of the gross produce of this farm to that amount, or to L.496 a year. A tax of 5 per cent imposed under these conditions, and which contributed nothing to the expenses of production, would prevent this last additional outlay of capital and labour altogether, because the landowner, the farmer, and the labourer could no longer receive returns which would induce them to expend their capital and industry in a further augmentation of gross produce.

The patrons of Mr. Ricardo's system would propose to lay the tax upon the consumers by an increase of price ; and in this case the labouring classes, by whose exertions the increase of production is effected, could not possibly obtain their natural or necessary share of the whole produce without charging higher wages, which, by augmenting the cost of cultivation, and causing a diminution of the profits of capital, would induce the capitalist to withhold his contributions towards carrying on the productive processes of profitable husbandry. Mr. Ricardo and his followers appear therefore to argue as if all the parts could be greater than a whole ; for as the producers, in this case, demand the whole produce before the one will consent to advance his capital, and the other his labour, so it is impossible to levy any unproductive charges upon the additional corn, &c. raised under the circumstances here stated.

They ought also to recollect that population has a constant tendency to shrink back from every attempt to diminish the means of living necessary to the labouring classes ; and every advance of rent must, therefore, either arise from a more liberal application of capital, from the more skilful cultivation of the soil, or be produced by greater industry on the part of the labouring classes, since, upon general principles, the natural multiplication of the human species, however powerful individual labour may become, prevents labourers from being able to demand more wages than what are sufficient to maintain themselves and families.

If then the owner of moveable capital be naturally protected from excessive taxation on the annual profits of his capital by letting it go to decay, the owner of land has his rent secured to him by being able to withhold the augmentation of new capital, which might otherwise be profitably laid out in the further improvement of the soil, were its application to agriculture in this instance unobstructed by a tax.

It is true, when he has deposited capital in the soil he may be unable to withdraw it again, and the public may then seize upon it, and convert it to their use. But setting aside the manifest injustice of such an act, capital imbedded in the soil, whether in the shape of cleanliness, manure, drains, hedges, roads, farm buildings, &c. is so constantly in want of repair, that it is the interest of the public always to offer the greatest encouragement to the owner or occupier of the soil, that he may be induced to improve its productive powers, rather than force him to bring on their decay.

When the owner of the soil advances a more liberal capital towards its good cultivation, his income from rent advances

at the same time; he has a larger income at his disposal, and is thereby better empowered to lay out a new capital in the various improvements of a farm. The public, then, by a direct conversion of rent to its own use, not only discourages the owner of the soil from improving its productive powers, but also takes away the means of making an advance of new capital.

New capital, however, is not always advanced by the owner of the soil; for a considerable portion of it is very often advanced by the tenant. But every tenant, when he makes an advance of new capital, hopes to increase his profits, probably under the protection of a long lease, in which case his own interest depends upon improving the annual productiveness of his farm; since he is in effect the owner of the soil until the expiration of his lease. But because, after the expiration of his lease, the farm reverts back into the hands of the landlord, it is to the mutual advantage of both that it should be well managed; and it is evident that this reciprocity of interests can only be maintained by the liberality of the two contracting parties.

Both the public and the owner of the soil have not only an interest in maintaining the powers of its annual fertility, but it is also their interest that those powers should be improved. Though it be, therefore, not only just but politic for the landlord to guard his property against any waste the tenant may commit, yet he certainly consults his own interests the most effectually in the end, by giving liberal encouragement to a thriving tenant; and if the public has an interest in encouraging and empowering the landlord to embody a new capital in the soil, the latter has a still greater interest in giving encouragement to a good tenant.

A landowner certainly does not understand his real interests who is so anxious for a high rent as to injure the permanent capital stock accumulated upon his farm. He ought ever to remember, that rent in a great measure arises from the judicious manner in which his predecessors have employed a portion of annual income in the improvement of the land he enjoys; and that the chief source of the augmentation of his rent must proceed from the judicious outlay of a new capital.

CHAPTER IV.

ON THE PROFITS OF CAPITAL, AND THE INTEREST
OF MONEY.

CAPITAL, or former labour hoarded up, is useful in consequence of the assistance it imparts to present industry; and its value applied to land is regulated by the quantity of the present annual labour which is saved.

In a purely natural state, no land yields any more than what is requisite to supply the common wants of those who labour. But, when a portion of capital is expended on a particular plot of ground, the annual produce of each person employed in its cultivation is augmented, until an equal amount of produce may perhaps be acquired in one half of the time, or by one half of the labour; the annual value of the capital, or hoarded labour, would be precisely equal to that of the present labour; and one half of the inhabitants would be enabled to acquire the necessaries of life without employing any exertions of their own, in case the capital stock belonged to them in equal shares.

This rule of the annual value of capital applies to land only, or to any other annual production which the public may demand, when the owner possesses a complete monopoly.

As particular individuals have no monopoly in the construction of most sorts of the implements of labour, nor of moveable capital which is prepared for and kept on hand for the supply of a market, they are open to the free competition of those who are willing to produce them the cheapest; and it does not follow that, because a machine will save the labour of one hundred workmen, its exchangeable value is equal to that of the labour it saves, but what its production has cost; for its use may sell for the labour of only a single person.

The profits of capital laid out under the advantages of a monopoly, either in the improvement of land, the erection of houses on a situation enjoying considerable local advantages,

in the working of mines, or in the construction of patent machines, are regulated by no uniform rate, but depend upon the peculiar circumstances under which it is applied.

Where the free competition of capital is open to every one who is willing, and has the ability of bringing it to market, its annual return of profits finally depends upon the relation which the supply bears to the demand. But, since the risk and expenses of repair vary considerably in particular instances, the rate of profits is greater or less in proportion to the risk and repair, upon the same principles as the reward of labour is regulated by the advantages and disadvantages of each particular employment.

An owner of land, as he receives the very best security, may have no objection to lay out capital in a permanent improvement, which may be expected to return him 5 per cent annually; while the tenant, employing a moveable capital liable to more risk, and requiring much greater attention, may not be satisfied with less profits than 10 per cent. The manufacturer and merchant, employing a capital under still greater uncertainties, and requiring great vigilance and attention, may calculate upon having 15 per cent annually, in case he be usually fortunate.

It is not, then, in the actual employment of capital, or hoarded labour, that we are to look for a general rate of profits; but in the rate of income obtained for the use of it, or the annual interest of money loans. In different countries, and at separate periods of time in the same country, we find the usual rate of the interest of money materially different, even upwards of ten times the amount of income, or the yearly interest lower than 3, and more than 30 per cent annually.

This circumstance shows pretty clearly that the interest of money and the profits of stock are not regulated, like the wages of labour, by any occurrences arising out of natural events, such as population and subsistence continually pressing upon each other, but by supply and demand, regulated by the cost of production and relative cheapness.

If a machine that is adequate to the saving of the labour of one hundred men should cost L.200; and, from the supply of capital brought into a market in which free competition prevailed, its use could be procured, and a provision made for repairs and renewal at L.30 a year, if that were the usual cost of a labourer annually, such a machine would be one hundredth cheaper and more powerful than manual labour, and would enable an individual to free himself from labour

altogether, if he chose to do so, from the income derived for the use of the machine, so long as it lasted.

It ought always to be remembered, that capital naturally not only bears an exchangeable value equal to the labour it costs; but also has an additional value for the use of it, which costs no industry whatever, and is the reward paid for the advance of labour beforehand. In the free competition of moveable capital, this reward is not regulated by the labour which capital saves, but by the labour it costs; and the rate of use is determined by the supply and demand of the market, and with which labour is no further concerned than whether present or hoarded industry be the cheapest.

Valuing a man's labour at L.30 a year, if a machine could be had which would save the labour of a man for L.29 a year; including repairs and renewal, the machine or hoarded industry would be preferred to present labour, owing to its being cheaper; but, if the repairs and renewal of the machine should cost L.31 a year, present labour would be applied in consequence of being more advantageous.

The labour saved by the application of capital, and made use of under the protection of a monopoly, belongs wholly to those who possess the monopoly after deducting what is paid for its annual use; and they employ it so long as profit can be derived from the loan of it. But, if capital be advanced out of disposable funds of their own, the labour it saves becomes wholly theirs, and tends to augment disposable annual income in the proportion in which labour is saved to those who have nothing else to dispose of except present industry; for the exchangeable value of present industry is never more than equal to the maintenance of population in the progressive state in which it is moving.

But the benefits arising from capital laid out in whatever is open to the free competition of the industrious, after deducting the natural market rate of its use,—risk, repair, and renewal being also considered,—belong altogether to the consumer; and tend to cheapen production, occasion use, and create new and more extensive demands for labour.

It would therefore appear, that a fall in the profits of capital is advantageous to every class of the community except the owners of moveable capital open to free competition in the market of industry. Again, as disposable income arises from the accumulation of capital, and necessarily multiplies in a thriving community, it follows that, as wealth advances, disposable income is enlarged, and it becomes easier to hoard up a portion of it for future use; profits fall, the powers of present labour become more effectual, and the condition of

the people is improved. This sets free subsistence in greater abundance, multiplies population, and lays the foundation of a new demand for capital. In proportion as the supply is augmented, the new demand created tends to keep up its value, and to produce new stores of public wealth.

Though the fall of profits may be disadvantageous to those already possessed of moveable capital, yet, generally speaking, it is the interest of capitalists themselves, since a greater demand leaves them more room for accumulation, and the savings from profits which may be curtailed on a given amount, may be quadrupled by the multiplication of business, and the consequent employment of a larger capital.

Suppose a shopkeeper employs L.500 in trade, which returns him a gross profit of 20 per cent, or L.100 a year. If we charge L.25 a year for interest of money, L.20 for shop rent, and L.55 a year for his own living, &c. he can save nothing. But if he can employ a capital of L.2000, with a gross profit of 15 per cent, with interest of money L.100 a year, shop rent L.30, living, &c. L.80 a year, he then can not only lay by L.90 a year, but set aside an additional sum of L.35 a year more for shop rent and expenses.

It would then appear that the whole community is benefited by the accumulation of capital and the fall of profits. The landowner gains by a rise of rent in consequence of being able to obtain cheaper capital to improve the soil with; the active employer of capital gains by doing more business; the money lender has his advantage in augmented customers and a greater amount of loans; and the consumer is benefited by being able to purchase at a cheaper rate.

Ultimately, the circumstances of the labouring classes are the least improved by the augmentation of capital, since population rises along with the more easy means of living, which the greater abundance of production has occasioned. As this pressure is brought upon them by an immutable law of nature, they can only expect to avoid it by the further accumulation of capital continually setting free new stores of production, and thereby constantly cheapening the means of living. It may be said that capital and production have their natural limits. Though this is true, yet the nearest to which any state or nation has ever approached these limits is infinitely less than that which industry and commerce, the great fountains of all public wealth, are capable of producing.

To satisfy ourselves of the truth of this position, we have only to cast the eye down the columns of table No. 20, which shows the progressive increase of population in England and Wales. In the first of these periods, in the eighteenth cen-

tury, population seldom multiplied more than 5 per cent in ten years. From the year 1760 to 1811, it multiplied on an average at the rate of upwards of 8 per cent in each successive ten years. But, in the ten years ended 1821, the increase was 18 per cent.

These facts show pretty clearly that capital has been constantly setting free the means of subsistence faster than population has advanced. Even the labouring classes, therefore, are materially benefited by the continual augmentation of capital. Nor is it impossible for the same multiplication of the human species to go on in England and Wales, at the same rate of increase, doubling themselves every hundred years, throughout the next two centuries; and even then they would be found to press very little more upon the means of subsistence than at present.

Capital continually advancing opens out new means of expenditure; and as, upon general principles, the desire of using the productions of industry is co-relative with the increase of the new and disposable funds created, no limits can be fixed for the gradual accumulation of public wealth. This development of new capital can seldom or never proceed at any rapid rate, except under peculiar circumstances, owing to the increasing check which production and consumption oppose to each other. But in their mutual approximations towards new stores of wealth, and greater powers of individual labour, the obstacles of nature are borne down before them; and though neither rent, the rate of profits, nor the reward of labour, may be diminished, the multiplication of population may be increased.

This position agrees with what has actually occurred in England and Wales. Since the year 1700, the exchangeable value of rent has, in many instances, doubled, tripled, and quadrupled; the interest of money, and the profits of trade are still sufficiently ample, and the necessities and comforts of the labouring classes seem to be better provided for now than formerly; hence an accelerated increase of population has been produced.

Should we eventually be under the necessity of employing less productive labour, which we have not yet been compelled to resort to, a small diminution of profits, and of the reward of labour, might still permit the further accumulation of capital and increase of population, though at a diminished rate.

The high rate of the interest of money, and of the profits of capital, in the fifteenth century, when compared with the present day, were evidently owing to the scarcity of dispos-

able income. In the same proportion, as income advanced from the accumulation of capital, it became more plentiful, and its augmentation was more easy, and gave greater effect to cultivation and the increase of population.

CHAPTER V.

ON RENT.

SECTION I.

On the Rent of Land among Nations of Hunters.

THE rent of land is the surplus produce which remains after defraying the expense of labour and capital required in annual production; and is, therefore, an income at the disposal of its owner, capable of being laid out in the further accumulation of capital, or expended in the consumption of articles the use of which is acquired by habit, unless he is disabled by bodily infirmities from gaining a livelihood. In which case, natural wants must be purchased before artificial desires can be gratified. (Note B.)

Among hunter nations the stock of capital is extremely limited. Nearly the whole people capable of following the toils of the chase, are employed in providing the necessary means of subsistence. A country occupied by tribes of hunters can, therefore, yield very little, if any income, which can be denominated surplus or rent; and is peopled in a manner similar to that which takes place in the distribution of the brute creation. Every one is employed in providing for himself, and population accommodates itself to the means within its reach.

A country stocked with horned cattle, for instance, would soon have its whole surface covered with them; and as their distribution would be according to the natural herbage, so it might be as difficult for them to obtain food on the most fertile plains, as on heaths and mountains nearly barren; because the herds would naturally become numerous in propor-

tion as herbage was abundant, and their numbers would be more limited where a scarcity of it prevailed.

From the influence of reason upon man, he distributes the land among acknowledged owners, labour is divided into allotted departments, it is carried on co-operatively, and population is not only provided for with regularity, and restrained within proper bounds, but a number of the inhabitants enjoy an ample income, towards which they contribute no annual labour, as their income is derived from the possession of a capital stock of labour already realized.

This division of land and labour, however, scarcely ever takes place among nations of hunters. Rent forms a very small component part of the whole annual produce they can procure, and population may be considered as distributed over the surface of a country in a manner similar to that which naturally regulates a herd of horned cattle, in case they are not interrupted by any other race of animals.

This is, however, the lowest and most degraded state in which the human species are placed, and it was most probably the original situation of the aboriginal inhabitants of western Europe. When they separated themselves from the primeval stock in the east, they would find plenty of unappropriated land in the west. But as that land was "a rude uncultivated wilderness," the rent of land would not commence until capital had either been imbodyed in it, or a moveable stock had been collected, which consisted in a variety of domesticated animals.

In the natural progress of events, even in the hunter state, social compacts are in most instances formed, and chieftainship acknowledged, with an income allotted them which may be considered of the nature of rent, as rent is an income that requires no contribution of annual labour. But, in the pure hunter state, this description of income must necessarily be very limited and precarious. This institution of chieftainship was probably the first step which led the way to social order, and to that distribution of income, and security of person and property, which is peculiar to well-regulated governments, and is therefore the point where public wealth commences, from which it must be traced, as well as the illustration of those causes and consequences that have given rise to rent.

When a hunter and his wife separated from the common stock, and took up fresh unoccupied hunting ground, he would, in consequence, become the head of a family. On his demise, in order to secure the common welfare and harmony of his progeny, he would naturally appoint one of his sons

the future guardian and protector of the tribe. Probably, from these humble beginnings, patriarchs in time became the sovereigns of a numerous and wealthy people, with feelings and interests dependent upon each other, and which, when rightly practised and understood, tended to secure the harmony and happiness of populous nations. Among the more respectable nations of hunters, we often find their original form of government still preserved, and the due reciprocity of their interests maintained as completely as man in the hunter state allows.

But, though protected by wise and salutary laws, nations composed of hunters are naturally poor and politically weak; the labours of the whole people are adequate to little more than that of obtaining the necessaries of life in limited and precarious portions; and they possess little or no surplus income that can be properly called rent, owing to their having imbedded no capital in the soil.

Moveable capital is equally limited. A few rude engines for the purpose of destroying wild animals, or where opportunity offers itself, the tackling of fishermen, chiefly make up their whole stock. We find then, until capital has been accumulated, and the rent of land has formed a considerable portion of the gross proceeds arising from the labours of those who are employed in its cultivation, the whole people are in a state of degradation and misery which is the inevitable lot of hunter nations. In whatever light we view the subject the powers of individual labour yield precarious and scanty returns, very different from what are observable among nations who have given every encouragement to the accumulation of capital, and whose desires are continually increasing the demand for labour, enhancing its value, and diffusing plenty and happiness through every pore of the body politic, in which prudence and foresight have prevailed over licentiousness and folly.

SECTION II.

On Rent among Pastoral Nations.

A COUNTRY stocked with domestic animals, such as cows, horses, sheep, &c. yields a supply of food conformable to its natural herbage. Population is proportionate to this supply; and as flocks and herds require but little labour to obtain the proceeds annually arising from them, so the produce of

that labour is often exceedingly great when compared with that which is employed in procuring it. Land, when depastured with cattle or other domestic animals, requires a capital to stock it. After the cost of attendance is defrayed, and the capitalist remunerated, according to the supply and demand of capital, the income which remains is the surplus or rent. On rich pastures it may amount to two-thirds of the whole produce, but on such as are comparatively poor and unproductive, rent may not be more than one-fourth of what is annually obtained; because more labour or attendance is required to bring an equal quantity of food to market.

Were a pastoral country only one-half peopled, when compared with the means of subsistence it could annually yield, land would bear little or no rent, since the plentiful supply of provisions would cause them to become so cheap as to prevent the owner of the soil from exercising a right of monopoly. But as population might, in the course of a few years, be expected to double itself, so the income of a pastoral nation would be naturally distributed among landowners, farmers, and labourers, and no more allotted to the last of these classes than what was sufficient to equalize population with the lowest means of living required by the labourer and his family.

In a country purely pastoral, and rich in annual production, it would seem that a considerable portion of the gross produce is naturally allotted to rent; and that this is finally distributed among those who possessed no realized property, in return for services which go to supply a variety of wants, conveniences, comforts, and superfluities desired by those who derive income from rent and profits. History, however, affords no example of a purely pastoral nation, among whom the division of land has been acknowledged; for, when that has taken place, agriculture commences, and a mixed system of obtaining the produce of the soil is resorted to.

We may, however, form a just view of the principles which naturally regulate rent among pastoral nations. For though that sort of income may exhibit itself in a form different from that which we call the rent of land, yet, in point of principle, the arguments of the political economist are the same. Wandering hordes have a stock of cattle, &c. which are considered public property,—the chiefs exercise a right of command over their inferiors, and the latter provide the former with the common necessities of life, or any artificial desires they may require in return for the maintenance and support they are in need of. The services then, and the supply of provisions received by those chiefs from the inferior people, belong to

that head of income which, in a more advanced state of society, is denominated the rent of land.

As pasture, under favourable circumstances, yields more annual produce in proportion to the labour and toil bestowed upon it, than any other method of raising food from the soil, so it yields a greater proportionate share of rent than any other mode resorted to, and requires full consideration in the inquiry now before us; but it certainly restrains population within much more narrow bounds than where the land is brought under alternate successions of pasturage and tillage. It also differs very materially from the hunter state, since the one is politically weak, while the other is politically strong, as the pastoral nations who occupy the mountain regions of Asia have repeatedly shown in various periods of history. The main difference in their comparative situation seems to be that the one enjoys very little income which can be properly called rent, while the other enjoys a very great proportion of it; and as their herds can be readily removed to a district where pasturage prevails, almost the whole people may be devoted for a time to the waging of war.

It cannot be too often repeated that the highest point to which population has a tendency to multiply, naturally regulates the value of labour according to necessary subsistence. This universal law, always operating, and constantly bringing back the relations of value to one common standard, whenever they have any inclination to vary from the influence of temporary incidents, is the only circumstance which affords a regular basis for speculations connected with political economy. Whether we examine the constituent principles that regulate the distribution of the gross produce of the soil among the various ranks of the people, in hunter, pastoral, or agricultural nations, the rule of value, and the distribution of income, is everywhere the same. Wages of labour sufficient to continue the race of labourers and sustain population, must be the first portion of income deducted from the whole,—the remuneration of capital the second,—seed and horse provender when required, naturally claim the third portion; and the remainder or surplus is wholly devoted to rent. Seasons of great scarcity may visit us at one time, and seasons of abundance at another. But these are temporary incidents; and experience has repeatedly convinced us that all our fears about permanent want at one time, and our hopes of continual plenty at another, are equally delusive and groundless.

SECTION III.

On the Rent of Land after it has been subjected to the processes of convertible Husbandry.

BEFORE the accumulation of capital has commenced, and an allotment of the soil has been made to particular owners, aration can seldom or never commence. But the moment particular owners of land are acknowledged it becomes a monopoly, and, with this advantage, they naturally invest an additional capital in it, so long as they conceive advantages are likely to result; by which means its productive powers are improved, when compared with the annual labour bestowed upon it, and the public are supplied with provisions in greater abundance, which might be purchased at a cheaper rate, were that cheapness not diminished by the necessary multiplication of population.

But, perhaps, we cannot illustrate the true principles of rent more clearly than by adopting the language of an agricultural society recently formed in New South Wales. They describe the original state of that country as "a rude uncultivated wilderness;" and further observe, "there is no Eden in nature; ALL is from the industry of man. We must do what all nations have done before us,—collect from every quarter what is adapted to our soil and climate. We must new clothe our adopted country; we must hew down the useless gum trees, and plant the more useful fruit trees of Europe; and, in lieu of the present herbage, give to our meadows the rich pasture of Britain." Here we have a description of what really occurs in the first stages of the cultivation of land from an eye-witness. Nature has presented the earth "a rude uncultivated wilderness;" this wilderness is allotted to particular owners, who are thereby induced to lay out a capital in its improvement and cultivation, the forest falls, the swamp is drained, and the owner being in possession of a monopoly, his natural share of the gross produce is the surplus that remains after the expenses attendant upon its annual cultivation are defrayed. These expenses are, as we have already observed, the wages of labour, seed and horse provender, and the profits of the farmer's capital; and the surplus or rent which the owner receives is the reward secured to him in return for the capital he has imbodyed in the soil, subject, however, to no regular rate of profits. For as those profits arise from capital invested under the protection

of a monopoly, they depend upon the natural fertility of the soil, upon the further additional capital imbodyed in it, the events that arise out of the progress of national wealth and local events, more perfect modes of culture, more productive vegetables, improved breeds of animals, and every other description of knowledge, skill, and industry, which gives individual labour additional powers over production. For however great those powers may become, the whole surplus produce belongs to rent, after the expenses of labour, seed and horse provender, and the profits of the farmer's capital are defrayed; and in every stage of the cultivation of land, from the first attempt made to improve the rude uncultivated wilderness, to the most improved husbandry now practised in Great Britain, it is the interest of the people at large that rent should wholly belong to an owner of the soil, in order that he may be constantly stimulated to invest additional capital in its improvement, and thereby supply the market with a greater abundance of provisions and other produce for which there is a demand.

We shall now attempt to show in what way the gross produce of the soil is distributed in Great Britain, the manner in which the intensity of cultivation is regulated, and other incidents connected with it.

Grazing and meadow land require an advance of capital, and the application of labour to bring the produce into a marketable form; and when the usual profits of the one and the wages of the other are subtracted, the remainder is rent. If it were advisable to augment the annual returns of this sort of land by the application of manure, or any other annual process which tended to augment the produce, these expenses ought also to be deducted in the same way, and the remainder would be rent. But before manure or any other expense of that sort could be profitably applied, the augmentation of produce arising from these expenses ought to be equal to them, since, were it otherwise, the clear rental would be diminished, and these expenses could not be profitably incurred.

An increase of the gross produce of such land obtained by draining, irrigation, or clearing it more completely of wood or noxious vegetables, would follow a similar rule; with this difference, however, these improvements would be permanently attached to the soil, and the augmented produce, the annual expenses of production having been first deducted, would become rent.

The cultivation and improvement of the soil is regulated by the greatest amount of rent which can be profitably obtained. Therefore, on tillage land, all annual payments that

tend to augment its annual produce, as well as the expenses of taking it to market and of disposing of it, together with the profits of the farmer's capital, must first be deducted before rent commences.

1st, The expenses in labour to which the cultivation of land is liable, together with the wear and tear of implements.

2d, Seeds of different sorts to sow the land with; and provender for supporting horses or other draught animals employed.

3d, The ordinary profits of the moveable capital employed by the farmer, or occupier of the soil.

4th, The amount of the annual returns which remain, after the above charges are paid, constitutes rent, being the surplus produce, after the expenses which contribute to its annual production are subtracted.

Before cultivation can be profitably resorted to, the additional produce must be equal to the additional expenses thereby incurred, to leave a rental, equal in amount at least to what could have been drawn from it in a state of pasture or meadow ground. For if annual rental diminished, when the expenses attendant upon tillage were deducted, it is obvious that pasturage would be the most profitable mode of using land.

The estimates of the following official document will best show the classification of the distribution of the whole produce of cultivated land. In 1804, the Board of Agriculture sent a circular letter through the greater part of the kingdom, requesting returns of the expense of cultivating 100 acres of arable land, in the two periods of 1790 and 1803. In 1814, a similar inquiry was made for the year 1813: and it is from the average of these returns that the following Table has been constructed.

Years.	1790.	1804.	1813.
	£ s. d.	£ s. d.	£ s. d.
Rent . . .	88 6 3 $\frac{1}{4}$	121 2 7 $\frac{1}{4}$	161 12 7 $\frac{3}{4}$
Tithe . . .	20 14 1 $\frac{3}{4}$	26 8 6 $\frac{1}{4}$	38 17 3 $\frac{1}{4}$
Rates . . .	17 13 10	31 7 7 $\frac{3}{4}$	38 19 2 $\frac{3}{4}$
Wear and tear .	15 13 5 $\frac{1}{4}$	22 11 10 $\frac{1}{4}$	31 2 10 $\frac{3}{4}$
Labour . . .	85 5 4	118 0 4	161 12 11 $\frac{1}{4}$
Seed . . .	46 4 10 $\frac{1}{4}$	49 2 7	98 17 10
Team . . .	67 4 10	80 8 0 $\frac{1}{4}$	134 19 8 $\frac{1}{4}$
Interest . . .	22 11 11 $\frac{1}{2}$	30 3 8 $\frac{3}{4}$	50 5 6
Taxes . . .	— — —	— — —	18 1 4
Total .	363 15 8 $\frac{1}{4}$	479 4 9 $\frac{1}{2}$	734 9 4

The materials from which the column under 1813 was made up, are contained in forty-two returns, in exact conformity with the Board's request, and each apply to 100 acres. As there was something imperfect or incorrect under the head of manure, that article, as was very proper, has been altogether left out. Purchased manure is applied to land in very different degrees of expense, even on adjoining farms of equal quality. As adventitious manure increases the annual expense of cultivation, so it is expected to increase the annual value of the returns of produce in an equal ratio: first, The purchase-money; secondly, The labour of application, and manufacture of the increased produce; and, thirdly, Profits: but it may afford nothing in the shape of rent. Hence, had manure been placed to account, it might have done little more than add sums nearly equal to the debtor and creditor sides of the above estimates. By dividing the above estimates into the four following classes, we shall see what proportions of the whole produce properly belong to labour, seed and horse provender, profits, and rent, or surplus produce.

Years.	1790.	1804.	1813.
	£ s. d.	£ s. d.	£ s. d.
Labour . . .	85 5 4	118 0 4	161 12 11 $\frac{1}{4}$
Wear and tear .	15 13 5 $\frac{1}{4}$	22 11 10 $\frac{1}{4}$	31 2 10 $\frac{3}{4}$
Labourer's share	100 18 9 $\frac{1}{4}$	140 12 2 $\frac{1}{4}$	192 15 10
Seed . . .	46 4 10 $\frac{1}{4}$	49 2 7	98 17 10
Horse provender	67 4 10	80 8 0 $\frac{1}{4}$	134 19 8 $\frac{1}{4}$
Total .	113 9 8 $\frac{1}{4}$	129 10 7 $\frac{1}{4}$	233 17 6 $\frac{1}{4}$
Interest of capital	22 11 11 $\frac{1}{2}$	30 3 8 $\frac{3}{4}$	50 5 6
Profits . . .	22 11 11 $\frac{1}{2}$	30 3 8 $\frac{3}{4}$	50 5 6
Total amount of profits	45 3 11	60 7 5 $\frac{1}{2}$	100 11 0
Landlord's rent .	88 6 3 $\frac{1}{4}$	121 2 7 $\frac{1}{4}$	161 12 7 $\frac{3}{4}$
Tithes . . .	20 14 1 $\frac{3}{4}$	26 8 6 $\frac{1}{4}$	38 17 3 $\frac{1}{4}$
Rates . . .	17 13 10	31 7 7 $\frac{3}{4}$	38 19 2 $\frac{3}{4}$
Taxes . . .	— — —	— — —	18 1 4
Rent, or total surplus	126 14 3	178 18 9 $\frac{1}{4}$	257 10 5 $\frac{3}{4}$

These estimates were made according to the lowest price for which grain could be grown in England, without allowing any profits to the farmer for the employment of capital over and above the interest of money. In order to find the gross produce of a farm, these profits ought also to be placed to account. It would seem, also, that the returns are made upon the actual rent paid. Therefore, profits for the employment of capital can only be obtained by an increased gross produce. The forty-two returns of 1814 give 32s. per acre rent. Arthur Young, Esq. Secretary to the Board of Agriculture, thought this was then too little for land capable of averaging twenty-four bushels of wheat per acre. He estimated the annual rent of that description of land at 40s. per acre. But this high rent would appear to have been formed upon the basis of calculation adopted by many land valuers, who estimated rent higher than existing prices, under an idea that the price, not the value, of farm produce would rise in future years. The five years ending with 1813 were dear years; and, upon that account, do not afford a regular criterion of the natural rental of land. We may then conclude, that the forty-two returns of 1814 were made upon land averaging twenty-four bushels of wheat per acre, and allowing also 10 per cent upon the capital employed. The distribution of the whole produce of cultivated land would then stand as under.

Years.	1790.			1804.			1813.		
	£	s.	d.	£	s.	d.	£	s.	d.
Labour	100	18	9 $\frac{1}{4}$	140	12	2 $\frac{1}{4}$	192	15	10
Seed and horse provender	113	9	8 $\frac{1}{4}$	129	10	7 $\frac{1}{4}$	233	17	6 $\frac{1}{4}$
Profits	45	3	11	60	7	5 $\frac{1}{2}$	100	11	0
Rent, or surplus .	126	14	3	178	18	9 $\frac{1}{4}$	257	10	5 $\frac{2}{4}$
	386	6	7 $\frac{1}{2}$	509	9	0 $\frac{1}{4}$	784	14	10

If we take a comparative view of the actual prices of wheat and labour, as exhibited in the table of the wages of labour in Cumberland, it would appear that the above official table may very probably lead us into a trifling fallacy, by allowing an able-bodied labourer a less value as a recompense for his weekly labour in 1813 than in 1790. This does not, however, in consequence of profits, seed and horse provender, and rent rising in price in a greater proportion than the aggregate cost of labour. For it will be subsequently

shown that this may be the case, unless the weekly value of the labourer's share is lessened.

The following table exhibits the rise of labour, wear and tear, seed and horse provender, profits, and rent, or surplus produce, from 1790 to 1803, and also from 1790 to 1813, as estimated from the statements of Mr. Young.

	<i>From the Year 1790 to 1803,</i>		<i>and to 1813.</i>	
Labour, wear and tear, rose	39.3	per cent.	91.0	per cent.
Seed and horse provender, —	14.2	— — —	110.5	— — —
Profits, —	33.5	— — —	122.3	— — —
Rent, or surplus income, —	41.2	— — —	103.2	— — —

This table detects a very considerable error in the manner of estimating the cost of seed and horse provender. From 1790 to 1803 the rise is only 14.2 per cent, while to 1813 it is 110.5 per cent. The trifling rise in the first period, and the very considerable one in the second, by no means agree with the other component parts of the whole produce. These estimates are evidently formed upon the basis of contingent prices, and not, as they ought to have been, upon the natural cost measured by the expense of labour, wear and tear, and profits. Contingent, or temporary prices, continually under the influence of favourable and unfavourable seasons, may often give a very erroneous view of the comparative expenses which seed and horse provender cost at different periods of time. The natural price of corn, it ought to be remembered, agrees with the expense of its annual production, and that expense comprises what is annually laid out in labour, wear and tear, seed and horse provender itself, and profits. Although this expenditure may regulate the natural market price of corn, it does not determine its actual market price, because an irregular supply almost always intervenes between the cost of production and the market, which has a constant tendency either to sink the price of corn below, or raise it above its natural price: because the farmer takes the greatest portion of his seed and horse provender out of the produce of his farm, their cost is not therefore to be estimated according to that for which he might have sold them, but according to the cost of production; since it is a component part of the whole produce that is taken away, and not the contingent money returns. Therefore, that part of the expense which Mr. Young might have ascertained with more accuracy than any other, is the most inaccurate and objectionable: for surely the annual expense of seed and horse provender to the

farmer amounts to the cost sustained by him, and not to the returns made by their sale, since he wants them himself, and cannot sell them at the market, without purchasing other produce of a similar description, and of equal cost.

The comparative estimates of rent, in consequence of the variable and artificial state of our money unit, are taken at too high a rate in 1813. Nor is the comparative price of labour unobjectionable. In many of the districts from which Mr. Young's estimates were formed, between the years 1790 and 1813, poor's rates were partly converted into the wages of labour; and, of course, though those rates ought to be considered as an unproductive expenditure, subtracted from the natural rental, without contributing any thing to production, yet that part of them which is actually productive, ought to be charged to the cost of labour, and subtracted from rent or surplus produce. Therefore, suppose we say that labour, wear and tear, from 1790 to 1813, rose 95 per cent, seed and horse provender 110.5 per cent, profits 122.3 per cent, and rent cent per cent, we shall probably come at something like a just conclusion. It ought, however, to be observed that, between the years 1790 and 1813, more expensive husbandry was resorted to, though not less profitable on that account, which tended to enhance the amount of expenses in the latter year, though the greatest portion of the rise of prices was attributable to an unjustly regulated currency. Besides, Mr. Young, with great propriety, endeavoured to make his estimates upon land of equal qualities, and subjected to similar methods of management, on account of which very little can be attributed to more expensive modes of cultivation, though it is proper to notice it.

According to table No. 1. I have stated the price of farm labour in Cumberland, where the poor's rates have not in the smallest degree become a portion of the wages of labour, in 1790, at 7s. 4d. per week, and, in 1813, at 14s. 6d. per week, which gives a rise of 97.7 per cent. But, if we take 14s. per week, the prices of labour, in 1814, the very year in which Mr. Young's estimates were made, the rise would be reduced to 91.0 per cent.

When we refer a body of evidence connected with the rise of the price of farm labour, and collected by different individuals in the year 1790, and in the last mentioned year, to each other, and find them agreeing in amount so nearly as the above accounts do, it affords the strongest grounds for concluding that the relative proportions of the distribution of the produce of the soil among labourers, farmers, and landowners, are regulated by causes more uniform than most people suspect, while the rise of prices here exhibited was almost

wholly occasioned by a nominal process arising out of the currency, and that the medium rate of farm-labourers wages, engaged the whole year round, may be at all times ascertained with sufficient correctness to render it a suitable basis for a justly regulated currency.

A full consideration of the principles of the rent of land would seem to show how absolutely necessary it is, in order to insure a regular and plentiful supply of provisions, that each portion of land should belong to a particular owner, and that the whole produce of the soil should be uniformly secured to those who carry on the processes of production. For this is evidently the only sure plan of stimulating industry to the utmost, namely, by yielding up to it the whole of its proceeds. First, in conformity with this principle, the landowner is induced to make a new investment of capital in the soil, whenever it can be profitably advanced, and to take care that its powers of annual production shall not be impaired, but improved; secondly, the farmer or occupier exerts himself to the utmost, and makes every necessary outlay which he expects will be returned to him with profits; and, thirdly, as free-labour is paid for according to its efficiency, so the reward constantly offered to industry, stimulates the labouring-classes to exert themselves to the best of their ability.

Every unproductive payment brought against the returns of the soil would therefore appear to operate as a check upon production; for, if the last additional portion of produce brought to market were not wholly divided between capitalists and labourers, after other expenses of cultivation are deducted, they have the full power of withholding their respective contributions. Rent, it is true, the moment it has been realized, becomes an unproductive payment, as well as poor's rates or any other public tax. But, in its origin, it is uniformly a productive payment, being the reward held out for the investment of capital in the improvement of the soil. Were that reward withdrawn, it is obvious that no new and additional capital would be advanced by the landowner, and that its powers, instead of being improved, would go to decay, and diffuse universal misery throughout every class of the people.

It would therefore seem that as rent, directly considered, is an annual payment of an unproductive nature, it neither enters into the cost of annual production, nor forms any part of the natural or necessary price of corn, &c. For when we see the cultivation of land carried on by low priced labour, on taking the average of a number of years together, we find the price of corn falls in proportion to the expenditure of farmers

in the labour of production, however exorbitantly high the rent he has paid to his landlord may have been. For, as natural rental, when once realized, is no longer a productive payment, the occupier of the soil has no power to charge any portion of that rent upon the consumer, however exorbitant it may be. And, on the other hand, however low the general rate of rents may be, the consumer has no power of buying corn at a cheaper rate on that account; for the natural price of corn is wholly regulated by what has been expended in the annual labour which its production requires, taking at the same time into the account all the other annual expenses which immediately assist in promoting that production, and leave the greatest amount of clear gain; and hence the cultivation of land has a uniform tendency to assume that form which yields the greatest amount of clear rent or surplus income. If we trace the progressive steps by which an improved cultivation of the soil has advanced, we shall perceive the justness of the conclusion here formed.

The allotment of land to particular owners alters the whole structure of property peculiar to pastoral nations, and gives encouragement to the investment of capital in its improvement, and to every mode of profitable cultivation which mechanical aid, industry, and skill can adopt. On the first settling of a new and well-informed people in an uncultivated country, in New South Wales for instance, land yields no rent: not because it is plentiful, but owing to its being "a rude uncultivated wilderness." But when capital has been deposited in the soil, then rent commences, and is partly regulated in its amount by the value of the capital so invested, though certainly influenced by the natural fertility of the soil, and the comparative ease with which the obstacles of nature were broken down by labour, and cultivated crops adopted. As the removal of capital from Europe to New South Wales would be exceedingly expensive, so the profits arising from its employment in hewing down the gum trees would assume the name of rent, and exceed the usual rate of profits in Europe considerably, as the expense of transit ought to be added to the common rate of profits in the mother country. When, therefore, the original settlers of New South Wales had subtracted the expense of carrying their labours to a distant country, unimproved by the application of former industry, though they had land for nothing, and in the greatest abundance, yet few of them could be expected to find either those extraordinary profits, or improved circumstances, which Mr. Ricardo would conclude were the concomitants of a plentiful supply of land. The repeated aid which the first settlers in

that distant colony received from the government at home, affords, therefore, sufficient evidence, that when land was most plentiful, its value was least, in consequence of its being in a state of nature. But when once these settlers had invested a capital in the soil, and rent had commenced, an additional capital would be formed at a cheaper rate, a more liberal portion of it would be applied to cultivation, and the rent would be accordingly augmented. Besides, those who had been fortunate enough to obtain land in the vicinity of future towns, being nearer to a good market for their produce, would be in possession of a greater amount of rent, extent of land and quality of soil considered, than those whose possessions were less favourably situated; and in proportion as roads and other facilities of production were obtained, rent would advance. In the same way also, even in Great Britain, rent has not risen of late years, from the augmented difficulty of obtaining provisions for a more numerous population, as is proved by the increase of the ten years preceding 1821, but from the more effective powers of individual labour over production, which has been acquired by the natural accumulation of capital, by an increase of knowledge, greater industry, and similar advantages. The truth is, providence has given land, which possesses the most amazing powers of animal and vegetable reproduction, but has left these powers scarcely applicable to the service of man, except by the sweat of his brow. In proportion as man unfolds those powers by the application of capital and knowledge, he acquires a greater command over subsistence, and rent rises accordingly, owing to the reasons already stated. In New South Wales, for instance, population has continued to press upon subsistence from the first day of the colony's landing on its shores; and though a rapid development of capital and knowledge may go on in that country for 500 years, yet there is little probability of the colony being less able to obtain provisions at the end of that period than at present. For the only circumstance required is, that capital should accumulate and knowledge develop itself, with the same regular and undeviating pace which we have seen evinced in this country.

Had Mr. Ricardo taken a correct view of the influence of capital, knowledge, and industry, he certainly would have attributed the rise of rent to very different causes from those which he has thought proper to assign. In every part of the world, those rights which secure to industry and foresight the products naturally arising from them occasion a rise of rent, and, at the same time, the comfort and happiness of every rank of the people; and, when rent rises the most rapidly,

the condition of the people will generally be found to be the most comfortable. It may be, however, proper to remark, that the rent of land is supposed to coincide with the natural market price of farm produce, and that portion of the gross annual returns which remains after all the expenses incident to cultivation are defrayed; and that its amount is in no respect influenced by favourable or unfavourable seasons. For to take it in any other sense would involve the inquiry in a train of absurdities, and in views wholly unconnected with the rent of land. Nor have we ever used this word in a highly philosophical sense, but in a plain unsophisticated manner, assigning to it all those annual payments which contribute nothing to the immediate production of each year. Whatever expense permanently improves the soil, is therefore never considered as an annual charge, unless it tends to augment the surplus produce.

CHAPTER VI.

AN INQUIRY INTO THE RELATIONS AND PROPORTIONS WHICH THE RENT OF LAND, THE PROFITS OF THE FARMER'S CAPITAL, AND THE WAGES OF LABOUR EMPLOYED IN ITS CULTIVATION NATURALLY BEAR TO EACH OTHER; AND THE NECESSARY PRICE OF WHEAT AND OTHER FARM PRODUCE.

SECTION I.

On the Principles which regulate the Cultivation of Land.

THE last portion of additional produce raised from the soil by cultivation is expected to defray the expense of labour, remunerate capital, pay every other charge of a productive nature, and leave at least a clear annual rental equal to what could have been obtained by a less expensive mode of husbandry; that is, the additional produce raised by the more

perfect cultivation of land, ought at least to be worth what it has cost. It does not follow, therefore, that the gross value of the annual produce raised from land depends upon its natural fertility, but upon that application of annual labour and capital which may be expected to return the greatest amount of rent, or clear surplus income.

For example, suppose 100 acres of grass land to return annually a gross produce worth L.250, and leave a clear rental of L.170 a year. If this 100 acres of grass land were brought under a system of convertible husbandry, and returned a gross produce of L.500 annually, which left only L.160 a year of rent, after all the charges of production were defrayed, this land would either remain in a state of permanent pasture, or receive a less degree of cultivation. We shall, however, suppose that it was the most advantageous to keep it wholly in pasturage. Before land can be profitably brought into a state of tillage, the gross produce must not only be equal in value to the natural produce, the necessary expenses of culture being first deducted, but also adequate to defray all the additional charges that may have been incurred.

Suppose 100 acres of land, of a quality inferior to the above, were to return a gross produce worth L.200 annually, when used as pasturage, and to leave a clear rental of L.150 a year; and that when brought under a regular system of convertible husbandry, the gross produce were increased to L.500, out of which sum L.160 a year remained for rent. In this case the more fertile land would return only one half of the gross produce obtained from that which was the less fertile of the two, from the mere circumstance of its producing cultivated crops more abundantly, when compared with its annual value in pasturage; the labouring classes employed in farming operations would also receive a great share from the produce of the inferior land, and a comparatively small one from that which returned the greatest annual rent. Were the labourers, however, to gain so much greater powers of production, either by better roads, nearer markets, greater industry, or more agricultural skill, so that they could raise a gross produce of L.600 annually on the superior soil, and leave the landowner a clear rental of L.175 a year, it would be brought under tillage, the value of its produce having been more than doubled, and the labourers employed in its cultivation would, in this instance, obtain a larger share of produce, though the landowner were in the receipt of more annual rent.

When the gross produce was more than doubled, by so trifling a change in the productive powers of labour, the in-

creased demand for labour to cultivate the ground, and the increased supply of provisions would naturally raise the value of the former, sink that of the latter, increase the reward of labour, and cause a rapid advance of population. But this rapid rise in the reward of labour would probably diminish the landowner's rent below L.170 a year, when he would again return the land to pasture, and by that means completely check any considerable alteration which might occur in the reward of labour. Therefore, though a very trifling addition to the powers of production might have a tendency to double the produce of this 100 acres of land, and raise the reward of labour on the one hand, a principle still more finely balanced, on the other, would preserve the relative value of labour and farm produce.

But suppose it be admitted that the process were not checked by a fall of rent, that the labouring classes were highly rewarded for their services, and that a rapid increase of population were the consequence. The natural tendency of this increase would be, an excessive supply of labour in the market, unless an additional demand for it were produced. For, if the labourers employed in husbandry retained their high powers of production, which they must do to keep the land in tillage, and raise an augmented quantity of provisions, a great body of hands would have to look out for other branches of employment than agriculture. We have, therefore, three checks which are continually adjusting the balance between the rent of land and the wages of labour.

1. A rise in the reward of labour diminishes rent, contracts the cultivation of land, the supply of provisions, and restores the former amount of rent.

2. An augmentation of rent, caused by the diminished cultivation of land, augments profits, and cheapens labour; and, finally, occasions more land to be tilled, a greater supply of provisions is the consequence, profits fall, and labour becomes dearer.

3. Suppose population to be augmented, the powers of agricultural labour highly improved, and more land brought under cultivation, the supply of labourers would be increased, and unless an additional demand present itself, an excessive supply would diminish the reward of labour, and prevent the natural increase of population.

It would therefore seem that the connexion between the rent of land, the wages of labour, and the extent of population is so intimate as to prevent any rapid fluctuations either in the degree of its cultivation, or the supply and demand

of labourers employed in farming occupations; and that the accumulation of national wealth depends most essentially on drawing away the hands employed in agriculture, replacing the deficiency thus occasioned by greater powers of individual production, and increasing the demand for labour in other branches of employment than that of providing the common necessities of life.

From the extent of land in permanent pasture, and the tendency of cheap labour to cause the more complete management of land already under tillage, provisions have a strong inclination to keep pace with the efficient demand, and to provide for a constant advance of population, wherever the increased demand for labour is equal to the supply of commodities which the more productive powers of labour bring to market.

The additional cultivation of land depends upon the increase of population and cheap labour. In opposition to this principle, the increase of population depends upon the additional cultivation of land and dear labour; and, therefore, the additional cultivation of land, and the increase of population, though reciprocally dependent on each other, have a constant tendency to counteract their mutual advancement; and the only mode of removing this difficulty is to give greater powers of production to each individual labourer employed in agricultural operations. This may be accomplished in two ways:—

First, by a more liberal application of capital to the culture of land; and, secondly, by keeping up a full demand for labour, and thereby enhancing its value in the market. In this way the cheap labour required by agriculture, and the dear labour which is necessary to the advancement of population, are obtained by capital, knowledge, and industry, being continually stimulated by foreign commerce and the gratification of an artificial desire of consuming. These create a sufficient demand for labour, enhance its value, multiply its powers, and liberate the various processes of industry connected with the more complete management of land.

In order to illustrate the principles which cause a rise of rent, and show the progressive manner in which it takes place, without subtracting from the share naturally allotted either to labour or the farmer's profits, we shall here give an example; and to enter more fully into the certainty with which their relative proportions have a constant tendency to conform to each other, we shall, at the same time, attempt a refutation of the following statements. According to the

writings of Sir George Shuckburgh, a labourer, in England, could purchase, in the fifteenth century, 85.3 quarts of wheat with his weekly earnings; Dr. Copplestone says 125.1; Mr. Malthus 90.8; and, Mr. Barton 99.5; see tables, Nos. 8. and 9; that is, if the medium price of wheat, in the fifteenth century, had been 80s. a quarter, the price of labour would have been, if adequate to the purchase of the quantities of wheat assigned by these writers, 26s. 7d., 39s. 1d., 28s. 4d., and 31s. 1d., per week, respectively.

A village, in Cumberland, formerly had an out-field, now divided, soil a strong loam, subsoil clay, and capable of producing, in average years, about 24 bushels of wheat per acre, after a good summer fallow, and other produce in proportion; and which, formerly, had always been subjected to the following rotation of crops: 1. Oats; 2. Barley, manured with two furrows; 3. Oats, after one furrow; 4. Barley, managed as crop the second; and, 5. Oats, with one furrow. It was then depastured during five years, without sowing any grass seeds, and the same course of management repeated.

Estimate of the produce of 100 acres of land thus cropped, together with the expenses of management. Though the proportion of the price of a bushel of wheat be to one week's labour, as 32 is to 40.4, yet I shall take 41.6 as the proportion of the latter, the average of the second part of Table 1, because a greater number of bushels of cheap grain are sold than of that which is dear. Farm labour is, therefore, taken at 13s. per week; wheat at 80s. per quarter; and other sorts of produce in proportion.

Estimate of Produce.

10 acres of oats, at 27 b. per acre, worth 3s. 3d.			
per bushel	-	-	-
			L.43 17 6
10 acres of barley, at 27 b. per acre, worth 5s. per bushel	-	-	-
			67 10 0
10 acres of oats, at 30 b. per acre, worth 3s. 3d.			
per bushel	-	-	-
			48 15 0
10 acres of barley, at 24 b. per acre, worth 5s. per bushel	-	-	-
			60 0 0
10 acres of oats, at 24 b. per acre, worth 3s. 3d.			
per bushel	-	-	-
			39 0 0
50 acres of grass, at 25s. per acre	-		
			62 10 0
Total value of produce	-		
			L.321 12 6

Estimate of Expenses and Distribution of Produce.

Labour, wear and tear,	-	-	L.110	0	0
Seed and horse provender,	-	-	103	0	0
Profits of moveable stock,	-	-	45	0	0
Rent,	-	-	63	12	6
Natural distribution of the whole produce,			L.321	12	6

Now, provided the expense of labour, wear and tear, were increased in the ratio of Sir George Shuckburgh's statement, so that a farm labourer could earn 26s. 7d. per week, then, instead of labour, wear and tear, costing L.110, they would cost L.225, which sum, added to seed and horse provender, would amount to L.328; and thus exceed the value of the whole produce by L.6. 7s. 6d.

The occupier, finding himself subject to loss, though he should pay no rent, would convert his land to pasture as soon as possible, when the supply of provisions would not only be rapidly diminished, but rent would again commence. It must be remembered that this land had been, from time immemorial, under a course of convertible husbandry, and belonged to that class of soils on which aration is usually carried on the most profitably. Besides, on the return of such land to pasture, the demand for labour and its value would fall, the land would be again cultivated, not after the rate of labour at 26s. 7d. per week, and wheat at 80s. a quarter, but at 13s. a week, and wheat at a corresponding rate, or according to part second of table No. I. in the Appendix.

If a farm labourer could, on an average, purchase 125 quarts of wheat per week, with his earnings, the cost of labour, wear and tear, in the cultivation of the foregoing 100 acres of land would rise to L.329. 14s., and thus exceed the whole produce by L.8. 1s. 6d. without any allowance for seed and horse provender, profits of farming capital, and rent. Nothing, therefore, can be more absurd than the unfounded assertions of Dr. Copplestone. If the labourer's share of the produce of cultivated land were equal to the value of 125 quarts of wheat per week, notwithstanding all the advantages of capital fixed in the soil, perhaps little or no land in England could now be put under a regular system of aration without loss, should no rent be paid. It is not a little extraordinary that Dr. Copplestone was one of the writers gravely listened to by the House of Commons on the resumption of cash payments.

A great deal has of late been said respecting more expensive modes of husbandry. In the 100 acres of the out-field husbandry here adduced, there would be 70 acres of ploughing annually, and 50 acres of corn. Suppose the same 100 acres of land (which we shall take as the standard of value in many of our future estimates) were now managed as follows: 1. Oats; 2. Summer fallow, with five ploughings; 3. Wheat laid down, with 10 lb. of red clover per acre; 7 lb. of timothy grass, and 2 quarts of rye grass per acre; fourth year, hay; and, fifth year, grass.

In this course of husbandry the extent of ploughing would amount to 120 acres annually; there would be 40 acres of corn to cut, and 20 acres of hay to make. With more perfect implements of husbandry, and more industry, let us further suppose, that the expenses now stood as follows; labour and wheat costing the sums already estimated.

1st, Labour, Wear and Tear.

Regular hired servants	.	.	L.72	0	0
Extra hands in harvest	.	.	11	0	0
Ditto in hay time	.	.	4	0	0
Ditto to thrash, hedge, &c.	.	.	12	0	0
			<hr/>		
			L.99	0	0
Wear and tear	.	.	.	19	0
			<hr/>		
Total	.	.	L.118	0	0

2d, Seed and Horse Provender.

Seed-wheat to sow 20 acres, 60 bushels, at 10s. per bushel	.	.	.	L.30	0	0
Ditto oats, 90 bushels, at 3s. 4d. per bushel	.	.	.	15	0	0
Clover and timothy grass	.	.	.	15	0	0
Hay, grass, and litter for 3 horses, at L.12. 10s. each	.	.	.	37	10	0
77 bushels of oats to each horse, at 3s. 3d. per bushel, L.12. 10s. each	.	.	.	37	10	0
				<hr/>		
				75	0	0
				<hr/>		
Total	.	.	.	L.135	0	0

3d, Profits of £600 Capital, at 10 per Cent, L.60.

Natural distribution of Produce.—First, The Cost of production, as follows :

Labour, wear and tear . . .	L.118	0	0		
Seed and horse provender . . .	135	0	0		
Profits of capital . . .	60	0	0		
				L.313	0 0
Rent, surplus, or non-productive payments				171	0 0
					L.484 0 0

Estimates of the produce on an average of years, regulated by the cost of labour applied to production, and according to the proportions of labour and wheat, as established by the second part of table No. 1.; or an able-bodied labourer at 13s. per week, and wheat at 80s. per quarter.

20 acres of oats, 32 bushels per acre, at 3s. 3d. per bushel	L.104	0	0
20 acres of summer fallow	—	—	—
20 do. of wheat, 24 bushels per acre, at 10s. per bushel	240	0	0
20 acres of clover and timothy grass, at L.4. 10s. per acre	90	0	0
20 acres of clover and timothy grass, at L.2. 10s. per acre	50	0	0
			L.484 0 0

It thus turns out, that a more expensive mode of cultivation is the most profitable, and has raised the annual rental from L.63. 12s. 6d. to L.171; the effect of more capital, knowledge, and industry. But if we double labour, wear and tear, by raising wages to 26s. per week, given to able-bodied farm servants, it would raise the annual expenses of production to L.431, and reduce the rent to L.53 a year.

Land similar in quality to the out-field alluded to, is always improved in fertility by judicious husbandry; and though the produce in grass might not be worth more than L.1. 5s. an acre under the first method of culture, it might be equally well worth L.2. 6s. per acre in the improved mode, if laid down to permanent pasture, which gives a gross produce of L.230 annually.

Suppose, then, we say L.500 grazing capital, at 10 per cent	L.50	0	0
Marketing, and attendance of stock	30	0	0
Rent	150	0	0
	<hr/>		
	L.230	0	0

Should wages, therefore, rise materially above 13s. per week, proportionate to wheat at 80s. per quarter, even the class of soils on which cultivation can be the most profitably carried on, would be thrown into a state of pasturage—a rapid diminution of provisions would occur—the demand for labour would be greatly contracted—the equilibrium between the price of labour and farm produce would be restored—and between the supply and demand of subsistence and population.

When we take into account the fine balance always in operation between aration on the one hand, and pasturage on the other, and what trifling variations in the relative values of labour, corn, and animal food, convert land either into tillage or permanent pasture, we may not only rest satisfied of the equality of the supply, and demand of labour employed in the cultivation of the earth, but that it is quite impossible for labour to be so highly rewarded, as has been stated by the writers just quoted, at some periods of time, and so low at others; and opposed to the high price of labour and low price of corn attributed to the fifteenth century. Mr. James Ferguson, F.R.S. in a book entitled *Mechanical Exercises*, gives statements which make the price of a week's labour and a bushel of wheat, in proportion to each other as 39.4 is to 32. See Tables, Nos. 8 and 9.

These plain statements, grounded upon the actual transactions of men as they exist in the real walks of life, show indisputably that the equilibrium of income is at all times controlled by a train of natural laws, which govern its distribution, which cannot err on an average of years, and regulate the natural proportions of price between corn and labour with the greatest exactness.

Mr. Ricardo's doctrine of rent appears erroneous, as rent does not advance in consequence of the employment of less productive labour, but in consequence of the employment of more productive labour. It may be contended, that raising the gross produce of 100 acres of land from L.321, 12s. 6d. annually, to L.484, and the rent from L.63, 12s. 6d. to L.171 a year, may be the *ne plus ultra* of the profitable employment of capital, the augmentation of subsistence, labour, and rent,

Nothing could be more futile than such a conclusion, as may be shown from a more improved system of husbandry applied to the preceding description of land, and established by facts.

Land of the quality here alluded to is very improveable by draining; it is also a great advantage to resort to the purchased manure of towns. When under a rotation of crops highly cultivated, it produces heavy returns of clover and timothy grass, which, when used in soiling, double its feeding qualities, and raise a great additional supply of manure. Now, suppose that this 100 acres of land contained 10 acres of wet, coarse, rushy, watered meadow of an average value of the land already mentioned, or worth L.1, 14s. and a fraction per acre rent; and that by draining the value of the rent of this meadow were tripled, and returned 50 per cent for the capital laid out in draining.*

We will now suppose the course of husbandry as follows: 1st, Break up with oats; 2d, 10 acres of turnips drawn, 2 acres of potatoes, and 6 acres of summer fallow; 3d, 10 acres of barley manured after turnips drawn, and 8 acres of wheat, well manured and limed, producing 30 bushels per acre; 4th, 18 acres of clover and timothy grass, cut twice for soiling and hay; 5th, 18 acres of ditto depastured; and that the farm is thoroughly drained at an average cost of L.4 an acre, or L.400 for the whole.

In the management of this course of crops, the ploughing may be estimated at 124 acres annually, and there will be 36 acres of corn to cut; heavy crops, however, cost more in cutting and thrashing. A great increase of labour will occur in soiling, cleaning of green crops, hay making, carting of manure, &c. The quantity of cartage, too, will be considerably more in collecting the produce and in manure. Three horses may still do the work, but they must have more corn.

We may now, therefore, estimate the expenses as follows:—

Labour, wear and tear, as before, (ploughing being very little more,)	L.118	0	0
Extra expense.			
Turnips cleaning, including horse-hoeing,	5	0	0
Soiling,	25	0	0
Mowing and hay making,	17	0	0
Drawing turnips, and feeding with ditto,	6	0	0
Extra thrashing and cutting corn,	4	0	0
Carry forward	L.175	0	0

* This statement is founded upon fact.

Brought forward	L.175	0	0
Extra manure, carting and spreading,	10	0	0
Ditto, wear and tear,	3	0	0
Removing potatoes from the ground,	2	0	0
Repairing drains,	10	0	0
Total,	L.200	0	0

Seed and Horse Provender, and Manure.

Seed wheat for 8 acres, 24 bushels, at 10s. per bushel,	L.12	0	0
— barley for 10 acres, 24 bushels, at 5s. per bushel,	6	0	0
— oats for 18 acres, 81 bushels, at 3s. 4d. per bush.	13	10	0
Grass seeds for 18 acres,	15	0	0
Seed potatoes for 2 acres,	2	0	0
Turnip seed for 10 acres,	1	0	0
Purchased manure and lime,	40	0	0
Keep of three horses in hay, grass, and litter, at L.15 each,	L.45	0	0
Ditto in oats, 120 bushels each, at 3s. 3d. per bushel,	58	10	0
Total,	L.193	0	0
Profits of L.800 capital,	L.80	0	0

Estimate of the Produce of 100 Acres of Land, as above.

18 acres of oats, 39 bushels per acre, at 3s. 3d. per bushel,	L.114	1	6
10 acres of turnips, L.7 per acre,	70	0	0
2 acres of potatoes, L.12, 10s. per acre,	25	0	0
6 acres of summer fallow,	0	0	0
8 acres of wheat, 30 bushels per acre, at 10s. per bushel,	120	0	0
10 acres of barley, 40 bushels per acre, at 5s. per bushel,	100	0	0
18 acres of clover and grass seeds, at L.10 per acre,	180	0	0
18 acres of clover and grass seeds, at L.4 per acre,	72	0	0
10 acres of watered meadow made into hay, L.7, 10s. per acre, with aftermath,	75	0	0
100	L.756	1	6

Summary of Expenses, and Distribution of Produce.

1st, Labour, wear and tear,	L.200	0	0
2d, Seed, horse provender and manure,	193	0	0
3d, Profits of moveable capital,	80	0	0
Balance, which constitutes rent,	283	1	6
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Total value of produce,	L.756	1	6

I reply to those who consider this statement a paper scheme, that it is practical. But it must first be assumed that a town of 5000 inhabitants has arisen, from which it is not more than two miles distant; that the effects of an improving system has been followed up through a period of twenty years; that the stock of cattle is of the most profitable description, and that a lucrative system of husbandry is practised, depending upon the town.

A system of husbandry carried on according to the preceding scale of expenses, would only yield this high rent in proportion as more capital was imbodyed in the soil. But the gradations by which this advance of rent were effected would be sure in their progress, and amply repay the farmer after the third year. It must also be assumed that the landlord and tenant feel assured that their interests are mutual, or that the owner of the soil farms the land himself.

Mr. Ricardo's theory would therefore appear to be fully refuted. Actual instances may be shown where the rent has advanced in the proportion of L.63, 12s. 6d. to L.283, 1s. 6d. without any diminution whatever either of the profits of stock, or the reward of labour. It is capital, knowledge, and industry, then, which cause an advance of rent, and not the cultivation of land by less productive labour, as Mr. Ricardo would have it.

We have just seen the practicability of raising the gross produce of 100 acres of cultivated land from L.321, 12s. 6d. to L.756, 1s. 6d. while the interests of the landowner, the occupier, and the labourers, were fully maintained. In the hunter state of the world, most probably, 1000 acres of such land were insufficient to find food for a single human being. Suppose, then, that L.6 a year would purchase the food of an individual person, the improved 100 acres of land would provide for 126 people, and thus increase a well-fed population 1260 times over; or, take the comparison at the commencement of the last century, population would be augmented in the proportion of 53 to 126 on that very

description of land which has all along been the most favourable for tillage.

If fresh land of the best quality can be had for nothing in New South Wales, in Van Diemen's Land, the Cape of Good Hope, and the Western States of America, and which yields no rent, it would be found that the labouring classes could procure that which would purchase them little or no more of the comforts of life than could be afforded on 100 acres of improved land in England, which paid L.283, 1s. 6d. of rent annually.

In America, and all newly peopled countries, capital necessarily works its way by slow and painful gradations; because the income derived from rents and the profits of capital are extremely limited, and insufficient to supply the funds by which new creations may be made wherever profitable investment can be found: The truth is, they have little or nothing to spare for new investments, after the necessities of life are provided for.

This principle is pretty clearly illustrated on the inclosure of waste lands. For instance, a bill of inclosure was obtained in the year 1810, for the division of about 4000 acres of waste land. In little more than two years afterwards a general division of this uninclosed waste was made. In 1814, a capital of not less than L.40,000 was invested in its cultivation, and in farm buildings, hedges, roads, drains, bridges, &c. which in that year had yielded scarcely any returns. It is evident that this L.40,000 could not be advanced out of any funds arising from a parcel of unproductive waste ground; and that they were chiefly supplied by capital, rents, and profits advanced from land that had been long under cultivation in the neighbourhood, and also from other descriptions of realised property. It was not, therefore, any funds arising out of this uninclosed waste which enabled its owners to bring it so rapidly into cultivation, but a stock of capital previously realised, and of the advantages of which the owners of the waste could easily avail themselves. But in the year 1818, this uninclosed waste returned a surplus income of not less than L.4000 per annum, besides defraying all the annual expenses attending its cultivation.

Suppose a body of people had been presented with this 4000 acres of land for nothing, without allowing them any of the advantages arising from capital already accumulated in its neighbourhood, or of any market for their productions, but what was created among themselves, it is very probable they would not have effected the same scale of cultivation in 200 years, which occurred in four years. In this instance,

the legal impediments to the improvement of this land were no sooner removed, than the capital, labour, and population of the surrounding neighbourhood rushed into the vacancy which the law had opened, almost instantly filled it up, and changed the very face of nature in the twinkling of an eye. Improvements so rapid can never be effected in newly discovered and distant countries, because the transit of capital, population, and labour, are very expensive, and the produce cannot find a ready market but at a cost which must consume more than the profits.

Even in England, an old inhabited country, not more than 100 years ago, an equal amount of capital would not have been laid out on this waste land in forty years. At that time the people in the neighbourhood in which it was situated had no notion of building bridges, constructing roads, &c. which they now have, because the amount of the income from rent and profits was limited by the absence of manufactures and commerce, and regulated by the cultivation of land according to the mode of husbandry practised in an outfield system. They wanted the means which a greater amount of capital, a larger demand of markets, and more knowledge have now imparted. The subsequent acquirement of these advantages has done more than doubled the value of the rent of all land in that part of the country, without encroaching either upon the natural profits of farming capital, or upon the earnings of the labouring classes. In truth, the latter enjoy more of the real comforts of life now than formerly, while the circumstances of the tenantry are greatly improved.

Will any of those writers, who amuse us with the high reward of labour in the fifteenth century, have the goodness to present us with estimates, stating what sort of management was then practised, what was the price of animal food, the expense of cultivating land when labour cost 2s. 3d. per week, and what were the annual returns of rent when wheat sold for 6s. a quarter? Surely, beef, mutton, wool, &c. were then saleable; and as they cost very little labour to produce them, the landowner would then, as at present, be able to obtain an annual rental upon all permanent pastures which had been previously cultivated.

Some of these writers amuse us with the high wages in wheat of the labouring classes in America; but they do not tell us how much beef of the best quality we have in England, or how many coats can be bought, or what is the rent of a comfortable dwelling to an American labourer. The truth is, in the first processes of American cultivation, wheat can be grown comparatively cheap in proportion to other

things, owing to a sort of natural preparation, which is the effect of burning down the forests. But the high prices of other things destroy the advantages of cheap wheat.

The cultivation of land is regulated by its natural fertility and adaptation to particular sorts of crops; by climate, capital, knowledge, and industry; and by the locality of markets, the peculiar demands of those markets, and by the most profitable means of supplying them. Land, immediately adjoining a large town, is partly used for garden ground and orchards. That in its immediate vicinity is mostly laid down in grass land, highly managed; then a mixed system of convertible husbandry is carried on suitable to the demands of the town: corn, for instance, fresh butter, milk, vegetables, &c. At a greater distance the system is somewhat changed; corn, salt butter, cheese, and animal food, &c. are the chief marketable articles; and, at a greater distance from markets, where the farmer is without the facilities of water-carriage, but having the advantages of land-carriage, pasturage prevails. We see, therefore, that a regular train of causes and effects regulate the cultivation of land, according to the natural price of productions with respect to each other, and the cost of augmenting and preparing those productions for the market.

SECTION II.

On the connexion between the Value of Natural Grass and Tillage Crops.

THE relative value which the various productions of the soil bear to each other is determined by the difficulty of obtaining them in greater quantities, and the value according to which they are estimated by their demanders. If a pound of beef could be brought to market from the same extent of land, and with the same expense as a pound of wheat, the usual market value of a pound weight of each would be equal.

A pound of beef is, however, more esteemed in use than a pound of wheat, since it affords more nutriment, and, on this account, the equality of production, in equal quantities, on an equal extent of land, and with the same expense, would cause no wheat to be cultivated except that which was used as a luxury or delicacy.

A pound of beef, raised upon natural pastures, requires much less labour to produce it than a pound of wheat does, and though more esteemed in use than wheat, the latter is cultivated, owing to the greater ease with which the quantity

of produce can be augmented on any given area of land favourable to the growth of that grain.

The power of augmenting the quantity of wheat with much more ease than beef, without requiring more labour in proportion to the produce obtained than what will enable the labourer to acquire the means of subsistence, is the main cause of wheat being grown in preference to natural grass, which produces a pound of beef with much less labour.

The rule is, the produce of the earth is augmented by the application of labour so long as the increased quantity will command an exchangeable value equal to the support of those who advance their industry, and remunerate the capital employed in obtaining the extra produce. Beyond this point the productiveness of the earth cannot be carried; population would shrink back from it, and cultivation become unprofitable.

Barley is cheaper by the bushel than wheat, owing to its quantity being more easily increased by labour than wheat, and its being less esteemed in use. Oats, from the same causes, are cheaper than barley, and potatoes than oats. Could a bushel of wheat be raised with as little labour as a bushel of oats on every class of soils, little or none of the latter would be cultivated, in consequence of a bushel of the former containing more nutriment.

Men are desirous of having a variety of food,—different sorts have various degrees of nutriment,—some soils are better calculated to grow one kind, and some another; and the quantity of some productions may be augmented with less labour than others. Hence the different modes of cultivating land, and of raising different kinds of produce. The comparative regularity of an immutable train of natural events, is so bound up with the wants of life, and the means of obtaining those wants by labour, that the values of the different sorts of farm produce are connected with each other by unerring causes; and the complicated fabric of society, placed within the control of natural laws, which bring back the irregularities of seasons, and so influenced by the whims and capricious notions of individuals, as to occasion an almost regular relation and proportion of value between the various descriptions of farm produce.

Naturally, one pound of beef may be worth three pounds of wheat, five pounds of barley, six pounds of oats, twenty-eight pounds of potatoes, &c. regulated in value by the different powers of augmenting their produce on a given area of land, and by the different degrees in which their value in use is estimated.

From natural pasturage, a pound of beef is obtained with very little labour; but when we come to augment its quantity by the use of cultivated crops, it may then be supposed to cost three times the labour of a pound of wheat, five times that of barley, six times that of oats, and twenty-eight times that of a pound of potatoes to obtain the last portion of the additional quantity demanded by the market.

As the demands of the market are regulated by the intensity with which population presses upon subsistence, so the last additional supply of beef, wheat, barley, &c. does no more than defray the expenses of producing them, after the ordinary profits of stock are deducted for the additional capital required. They even pay nothing for any part of the capital imbodyed in the soil, unless that capital is also required in addition before the last augmentation of profitable produce can be raised. For all production may be considered profitable which yields a livelihood to the labourers engaged in preparing it for the market, besides the usual profits of capital required before it is brought to market.

In illustration of profitable production, suppose that 9200 lbs. of beef, worth 6d. per lb., or L.230, could be obtained annually from 100 acres of land in natural pasture, at an annual expense of L.80 in labour and capital, L.150 a year would remain for rent. In case the farmer of this land, by the adoption of cultivated crops, could increase the quantity of beef to 19,520 lbs. annually, worth L.463, at an expense of L.313 in labour and capital, though the produce of rent would remain the same, the higher produce would be preferred, as the additional portion could be profitably produced, and still leave L.150 for rent. It must, however, be supposed, that 19,519 lbs. could not be produced at a less expense than L.312, 19s. 6d., else the last additional pound would not be sought after, because its production would be unprofitable; and, if to raise another additional pound, would cost L.313, 0s. 6½d., profitable production could go no further than 19,520 lbs., and every additional pound of beef from the 9200 lbs. to the 19,520 lbs. would cost an additional 6d. to raise it; for, if any lower amount of beef could be produced, so as to leave a higher rent than L.150, production would stop at that point which allowed the most annual rent.

Suppose, instead of applying the whole of the cultivated produce on this 100 acres of land to the raising of beef, a part of it were disposed of in grain, &c. that it could be obtained for L.313, and sold for L.484, the mixed system of husbandry would be that adopted, since it would leave the highest return of annual rent, namely, L.171.

But, if this same 100 acres of land would yield L.270 worth of beef annually, at an expense in labour and capital of L.85, it would return L.185 a year of rent in natural pasture, and could not be profitably cultivated; whereas, if it would yield only L.230 worth at an expense of L.80, or L.484 worth of cultivated produce at an expense of L.313, it would yield L.171 a year rent, and would be cultivated. The augmentation of the produce of land, it would therefore appear, depends upon the most profitable mode in which it can be disposed of. The value of each sort of its produce is regulated by its estimation in use, and its quantity is increased so long as it can be profitably obtained; and, if one pound of beef, three pounds of wheat, five pounds of barley, six pounds of oats, and twenty-eight pounds of potatoes be equal in value to each other, they must require precisely an equal quantity of labour to bring the last portion of their augmented produce to market in proportion to their several values.

All cultivated land must necessarily yield rent, as aration cannot commence until capital is imbodyed in the soil; and since no one is willing to lay out capital but in expectation of a reward, rent is coeval with cultivation. But, in every instance, a considerable portion of the *additional produce* is drawn away by labourers' wages and farmers' profits, which yield little or no income of the nature of rent.

Nothing is more common, than to see land, of every quality of soil, thrown out of tillage into permanent pasture, and still yield as much rent in pasture as when in tillage. Such a circumstance can seldom do less than diminish the value of the gross produce of the soil one-half. It is obvious, therefore, that if the doubling of the produce enables the farmer to pay no more rent, the additional returns are wholly swallowed up by the expenses of labour, and the profits of moveable capital. Most unquestionably, in a great many instances more rent may be afforded, when the farmer is allowed to put land under a course of convertible husbandry, than if wholly limited to permanent pasture. But the advance of rent which can be given is seldom very considerable, and frequently none at all.

In the second class of estimates given in the first section of this chapter, of the expenses and production of 100 acres of land, the difference of rent between pasturage and tillage would not amount to more than L.21 a year, and might differ much less.

This circumstance shows pretty clearly, that a very fine balance must at all times be preserved between the expenses of cultivation and the value of farm produce. Suppose 100

acres of land, applied to pasturage, would return a gross produce of L.230 annually, at an expense of L.80, and that the same land in tillage returned a gross annual produce worth L.484, at an expense of L.313; if the price of every description of farm produce fell 10 per cent, and the expenses of production remained the same, the rent of the pasturage would be reduced to L.127 a year, but that of the tillage would fall to L.123. Tillage, in this case, would become unprofitable on every sort of land; and a portion both of the best and the worst land, on which the advantages of tillage are much less than on the middle class of soils, would be rapidly thrown into pasturage; the middle class of soils, too, would be cultivated with less care, reduce the supply of produce to an amazing extent, and again raise its relative price, until profitable production commenced.

On the other hand, suppose expenses to remain the same, and produce to rise in price 10 per cent, the rent of pasturage would only rise to L.173 a year, while that of the tillage land would rise to L.219, and then exceed the pasturage by L.46 a year instead of L.21. Such a circumstance would evidently draw into cultivation a considerable portion of the best and the worst soils, cause greater exertions to be made on soils of a middle class, augment production, and restore the natural level by a fall of prices. It must be remarked, that an equal fall both in the prices of farm produce and the expenses of bringing them to market, would have no effect whatever in altering the supply, for that depends solely upon the proportion between the cost and selling prices, in relation to the demands of the market; and whether wheat be one penny or one pound a bushel, makes no difference, if one penny will purchase as much labour as one pound, since the proportions of price are the same; and production would just go on as profitably at the low as the high price, though it would be of the greatest consequence to those who had monied engagements of time.

When there is either a superabundant or a deficient supply of farm produce, the excess will naturally occur more in the cultivated produce, such as corn, butter, potatoes, &c. than in cattle, sheep, horses, &c. the produce of natural pastures. A greater fluctuation of market value can, therefore, occur in the former description than in the latter, and form an additional cause in bringing back the natural proportions between the demands of production and farming industry.

The frequent occurrence of deficient and abundant crops, occasioned by the variations of seasons, are so well known in the farming world, that their effects on cultivation are in a great

measure averted. Besides, by the application of a little more labour, frequently the result of extra industry, a large breadth pasture land is soon ploughed up, and its produce augmented. But the experienced farmer seldom breaks up his land incautiously, as he well knows that a considerable loss may occur before the old natural sward can be restored.

It would then appear, from the uniform balance which is at all times adjusting the ratio between the supply and demand of farm produce, that the annual supply and demand of able-bodied farm labourers are necessarily uncommonly regular; and that a rise or fall in their money-wages is a proof of a variation in the value of the money unit.

Nature has at all times placed the natural wants of man, the extent of population, the immediate state of industry and knowledge, and the acquired fertility of the earth, in a train of events so intimately connected with each other, as to cause a continual return of the average market prices of beef, mutton, corn, vegetables, &c. and labour to uniform proportions to each other. Therefore, if one week's labour costs 12s. 7½d. a pound of beef may be naturally worth 6d. a bushel of wheat 10s. a bushel of barley 5s. a bushel of oats 3s. 3d. and a stone of potatoes 3d. Though these may not be the exact natural proportions of their prices to each, which cannot possibly be discovered, yet there can be no doubt but they approximate the truth so nearly, as to render it difficult to say on which side the error lies; and perhaps barley and oats may be rated too low.

As it is the intervention of labour, in the acquirement of natural grass and tillage crops, influenced by the value of those crops in use, which occasions the different sorts of farm productions to bear a natural proportion of value to each other,—so that their cost in labour regulates the average market price of each.

Agreeable to this theory, the table No. 1, part 1, shows that the annual earnings of an able-bodied farm labourer in Cumberland, on an average of ninety-one years, have been equal to the purchase of 40.4 quarts of wheat per week; therefore, if labour be 12s. 7½d. per week, the profitable production of a bushel of wheat is 10s. When its market price is above this proportion, excessive profits cause more intense cultivation, and tend to bring down its prices; if it is lower in proportion than this, unprofitable production diminishes the supply; and as the demand remains stationary, so the average market prices find their proportionate level.

An intimate view of the connective links which bind together the relations of society, ought to convince us, that a sort

of steady movement is continually adjusting the natural relations and proportions upon which the whole depend. The tables Nos. 5 and 6 are constructed upon this principle, and the facts they exhibit prove the truth of the theory here laid down; namely, that population and subsistence naturally go hand in hand, and regulate the intensity of cultivation on every soil, according to the most profitable application of industry, whether employed in the shape of capital or immediate labour.

In the preceding sections of this chapter, and in the following pages of this work, wheat at 80s. per quarter, labour and other farm produce being estimated in proportion, is the standard of value adopted.

SECTION III.

On the Causes which connect the Values of the Produce of Grass and Tillage Land.

LAND, in a purely natural state, seldom yields annual herbage of much value. It is either so overrun with wood, or covered with stagnant water, that it affords the most scanty returns of human food until capital is laid out in its improvement. The usual processes of improvement, such as cutting down the forest, and breaking up the soil, are the direct preparatives for grain crops; and since produce of that description is generally more productive than grass, it is preferred.

That preparation, however, which causes the earth to produce an abundance of such plants as require annual cultivation, also renders it more productive of natural grass, which is obtained and taken to market at much less expense, and when the annual return of grass yields more rent than corn, which is frequently the case, the land will be converted into pasture, not altogether because its powers are exhausted, but in consequence of grass being the most profitable. A continued succession of grain crops, even under the most judicious system of husbandry, diminishes the natural fertility of the soil; while pasture renovates them, and causes the land to be again broken up and cultivated for grain crops, when they become more profitable than grass. This is more peculiarly the case in the modern husbandry of Great Britain, where soil and climate are favourable to the growth of clover and other cultivated grasses. These grasses generally yield the most abundant produce the first year; and the annual returns di-

minish until the fifth or seventh year, when they again begin to improve gradually for a few years, and again decline. Since the power of growing grain crops is augmented, and the first crops of grass which follow after tillage are the most abundant, it becomes more profitable to resort to leguminous and culmiferous crops, and look towards renewed crops of artificial grass seeds, which are produced for little expense.

Nothing can, therefore, be more closely connected in value than grass and corn. Whatever contributes to augment the annual abundance of the returns of grain crops, and improve the fertility of the soil, promotes also the growth of grass, and takes land out of cultivation, so long as the natural produce is more profitable than that which is raised by artificial means.

This intimate connexion between the production of grass and corn, added to their relative value in use, regulates the annual returns of the soil with a degree of exactness more perfect than we are apt to suspect; and as the expected produce is so balanced as to correspond with the ordinary wants of the people, the intensity with which tillage crops is resorted to, is determined by a train of events which preserves the evenness of its demands upon annual industry.

Much of the best grass land in England has evidently at one time been under regular tillage; but its natural fertility having been considerably improved by the quantity of capital imbodyed in the soil, and the consequent improvement of its natural powers, through a long course of convertible husbandry, which is favourable to the growth of grass, it now remains constantly in pasture; not because it is incapable of producing a great deal of corn, but from its producing grass so abundantly, that the augmented value of the corn which could be raised by tillage, would be of less value than the natural produce and the increased expense thereby incurred.

Soils placed in too elevated a situation, too rocky, and insufficiently productive, when under a regular course of convertible husbandry, may nevertheless be broken up, drained, and cropped, for the purpose of improving their quality as permanent grass lands; and this clearly shows, that the natural produce is never lost sight of by a judicious cultivator.

Before clover and other artificial grasses were introduced, one of the main objects in returning land to pasture was the renovation of its powers, owing to a diminution of fertility and less profits produced by too severe cropping. Though comparatively unproductive in grass, when compared with its present state, it was suffered to continue in pasture five years, not so much in consequence of the value of the grass, but in

order to renew the means of growing abundant grain crops, according to the labour bestowed upon their culture.

When the great returns of clover, and other artificial grasses, during the first and second years, were better understood, shorter courses of tillage were adopted; and more expensive modes of husbandry, as they have been called, but in reality more profitable, were practised. Capital was more freely laid out in the improvement of land, and an additional class of inferior soils was brought into regular cultivation. In the old husbandry, the first year's grass yielded by far the least profit; and in the new husbandry, its profits in many instances became superior to that of any other year, in consequence of a large produce being obtained with very little labour.

The progress of knowledge, therefore, not only gave encouragement to the more liberal application of capital, but considerably shortened the successions of culmiferous and graminaceous crops. Instead of its being the most advantageous plan to plough the out-field land, already noticed, for five years in succession, and suffering it to remain an equal number of years in pasture, it became the most profitable to plough it only three years, and keep it in grass two years, in order to take full advantage of a frequent repetition of the profits derived from two highly productive crops of clover and grass seeds.

More expensive modes of husbandry, of which so much has been said, have not therefore been resorted to, in consequence of the employment of less productive labour, but of the more productive powers of labour being obtained by knowledge; and this cause has not only brought into cultivation a class of soils formerly kept in unimproved pasture, but augmented population,—circumstances totally at variance with Mr. Ricardo's theory of resorting to less productive labour.

Mr. Cleghorn, in his prize essay, has observed, "With regard to the rise of rents, we think it probable, from the documents applicable to one estate for a period of more than 100 years, which we have examined, that the *real* rise of rent in Scotland has not been considerable for the last 50 years, except where land has been rendered more productive by the investment of capital in its improvement. By the real rise, we mean a rise as compared with the price of corn. In some instances, the money rent of 1813 would not have purchased as much corn as was actually paid as rent 50 years before. Upon some rich soils in East Lothian and elsewhere, the rent, so far back as the period under review, (1774,) was half a quarter of wheat, six bushels of barley, and six bushels of

oats to the Scotch acre, (an acre and a quarter English;) in a few instances this corn rent was one-fourth more; but taking it at the lower rate, and valuing the corn at the import rates of 1815, instead of the higher prices during the latter years of the war, a rent in money equal to this in value, would amount to L.4, 10s. 3d. the Scotch acre, or L.3, 12s. 2½d. the English. Now, we doubt whether the average rent of such land during the war was much more than this; and do not believe it to be more at present under leases entered into during the last three years. The increase of rent that has taken place in Scotland during the last fifty years, and more especially since 1792, has been most remarkable in the case of inferior soils, on which great improvements have been made; and though we do not deny that, upon all qualities of soil, a certain portion of the raised rent may be ascribed to the saving of horse labour and more effective machinery, such as the use of two-horse ploughs and thrashing mills; and another portion to an increase of production by a better system of management. But what we wish to state distinctly is, that the rent of land of a second or third rate quality has advanced in a greater or much greater degree than the old and naturally rich arable land,—a fact which deserves the consideration of those who recommend that inferior soils should now be thrown out of cultivation. We happen to know more than one instance where the rent of the former description of soils is now ten times the rent paid about the middle of the last century, and four times that of 1792. But taking all kinds of soils, we are inclined to agree with Arthur Young when he states, that rent had risen, up to 1812, in a greater proportion than corn; and we should think, at all events, that it must have doubled all over Britain between 1792 and 1813, a rate of increase at least equal to the rise of prices.”

The facts here stated by Mr. Cleghorn, and the judicious inferences he had drawn from them, are conclusive arguments in favour of the principles maintained in the work now before us. Had the outfield land before alluded to been managed according to a five course rotation of crops, namely, first, oats; second, summer fallow; third, wheat; fourth, clover and grass seeds; and fifth, pasture, with produce nearly invariable on an average of years from 1750 to the present time, and an equal quantity of labour, seed, and other productive expenses been bestowed in each year, no real rise of rent could have occurred without either subtracting from the farmer's profits, or the comforts of the labouring classes: but as there was actually less capital, labour, and skill applied to the cultivation of this land in 1750, than at present,

the real rise of rent has been in the proportion of L.63, 12s. 6d. to L.171, without any sacrifice being made either of the comforts of the one, or the profits of the other.

Mr. Cleghorn says, he knows of land that rose in rent, from 1774 to 1813, to ten times its former amount. If due allowance be made for the depreciation of the value of the current money unit during this period of time, and that the land of which he speaks could not be profitably cultivated in the former year, owing to the imperfect mode of cultivating artificial grass crops, there was nothing at all surprising in rent rising to ten times its former amount, when the progress of knowledge had set free the application of profitable industry.

But in case the value of the current money unit had been the same in both years, if the owner of the soil were to deduct the ordinary profits of stock for the new capital laid out in hedges, roads, drains, farm buildings, &c. he might possibly enough receive no more rent for the indestructible powers of the soil, (of which Mr. Ricardo speaks,) in the latter year than he did in the former, and yet the value of the gross produce of land might be augmented thirty fold; that is, advanced from 3s. per acre to L.4, 10s. Nor is this an ideal proposition, since the occurrence is quite frequent on the inclosure of waste lands of the very same original quality as the old inclosed lands adjoining to them.

All observations about throwing such lands out of cultivation arise from ignorance of the very first principles of agriculture. The necessary capital has been advanced, and cannot be withdrawn,—a population has been created upon its basis, and the cultivation of inferior land may now be carried on more profitably than that of richer soils. Land cannot be thrown out of cultivation, as some people choose to call it, unless the natural produce yields more profit than what is obtained by culture. When the prices of labour and animal food fall in the same proportion as the price of corn, the fall is evidently occasioned by an imperfect circulating medium, and can have no effect whatever in throwing either the inferior land, or that of the best quality, (which is often disadvantageously kept in tillage,) out of cultivation.

A critical examination of the causes which connect the values of grass and tillage land, clearly shows the unerring principles which finally regulate the natural proportions between the prices of labour, corn, and grass. Should a rise occur in the value of labour, when compared with that of corn, grass would become more profitable, diminish the extent of tillage, lessen the supply of corn, and lower the de-

mand for labour, which would again restore the just balance of the natural supply and demand, enforced by the intimate relations that always exist between land, labour, capital, subsistence, population, and knowledge. On the contrary, a rise in the value of corn, compared with that of labour, would, by converting a portion of the permanent pastures into tillage, adjust the balance. This natural relation is at all times preserved with the more certainty in consequence of a great quantity of land of every quality being always in permanent pasture, and the rapid augmentation of its produce which occurs when brought under tillage, particularly on inferior land.

However incidental events may interrupt the natural proportions of prices between labour, corn, and grass, table No. 1. shows that such interruptions are uniformly of a limited duration, and that the annual market price of labour ultimately regulates the natural price of corn, to which its market price uniformly returns on an average of years, notwithstanding a continual succession of apparent irregularities.

Experience seems to have taught practical farmers this great truth; and though corn may be dear at one time and cheap at another, they are satisfied that a periodical return of natural events will occur, and interrupt extraordinary profits arising from ploughing more at one time and less at another. In short, the connexion between the produce of grass and tillage land acts as the great balance of the value of the productions of the soil, and harmonizes a number of seemingly discordant incidents.

It would then appear to be dear labour and the cheap produce of land which arrest the progress of cultivation. On the other hand, it is stimulated by cheap labour and dear corn. The cultivation of land having naturally an equal pressure at all times from the demands of population on the one side and profits on the other, its due equilibrium is constantly in a state of adjustment, however much interrupted by temporary occurrences; and hence an equality in the annual supply and demand of able-bodied labourers employed in husbandry, the uniformity of their market value, and fitness by which to regulate the value of the circulating medium.

CHAPTER VII.

ON THE NATURAL VALUE OF MANUFACTURES IN EX-
CHANGE.

IN point of principle, Mr. Ricardo maintains, that the natural value of commodities is precisely equal to the labour and capital imbodyed in them. True: Dr. Smith has argued at some length, that the wages of the various descriptions of labour naturally adjust themselves to an equality of reward, according to the relative advantages and disadvantages incident to each particular employment. This position is admissible.

Since the reward of farm labour is regulated by the intensity with which population demands the productions of the soil, and the intensity of that demand being naturally liable to very little variation, an equal quantity of farm labour has a constant tendency to exchange for an equal quantity of manufactures, according to the quantity of labour and capital of which they were composed.

Were a manufacturer of iron, nails, cloth, or hats, to discover a method which would bring any of these articles to market with one-half the labour and toil which had been usually employed in their fabrication, their exchangeable value would naturally sink to one half of what it had formerly been, and remain precisely equal to the labour and capital they had cost in production.

It is true, however, that these ultimate regulations of value are seldom truly adjusted, owing to a number of incidents which arise out of supply and demand in the progress of knowledge. This subject will be more fully investigated in the second division of the work.

The rude materials worked up by the manufacturer, are, in fact, an aggregate of different portions of value formed out of labour, which, either wholly or in part, has originated in its three separate characters, of rent, profits, and wages, each of which resolves itself into those peculiarities of value incident to its production, but measured in value by the labour for which it can be exchanged. In proportion as additional

labour is expended upon the rude materials of manufactures, their exchangeable value will naturally rise in a ratio precisely equal to that labour. If, however, in any particular manufacture, less labour be expended than has been usually done, it will, therefore, naturally bear a less exchangeable value, because it is composed of a less quantity of labour, or an aggregate composed of a fewer number of days labour; and, therefore, is not only prepared for the market in greater abundance, but by a diminished quantity of labour and toil, forms the very foundation of all exchangeable value.

The additional value of the rude materials of manufacture, imparted to them by additional labour, chiefly resolves itself into labour in its fixed state, or rent; into its moveable state, or the profits of capital; and into its active state, or the wages of day labour. Any saving of labour, under any one of these three heads, naturally goes to lessen the exchangeable value of any given quantity and quality of manufactures when sent to market. For being an aggregate of labour acquired by the application of a less quantity of it, the exchangeable value has a tendency to fall in an equal ratio.

We see this principle exemplified in the value of manufactured cotton goods. Fifty years ago any given quantity and fabric of muslin cost at least five times the labour it now does; and, therefore, naturally exchanged in the market for five times the amount of labour it will at present, or equalled five times its value in exchange.

In one respect the exchangeable value of manufactures, and the produce of land, differ very materially; for, in proportion as any given fabric of manufactures is brought to market by the application of less labour, its exchangeable value falls. While every saving of labour in the raising of farm produce does not occasion a fall in the exchangeable value of that produce, but goes entirely to the enhancement of rent. The cause of this difference is very obvious. Land is limited both in the extent and the quantity of its annual produce; and, of course, maintains a species of monopoly.

Whereas, the several heads of cost, which enter into the component parts of manufactures, being almost wholly made up of the profits of capital and the wages of labour, and which are open to free competition, their exchangeable value naturally falls in proportion as more ready modes of obtaining them are discovered; and, in this way, their exchangeable value chiefly resolves itself into the common rate of the profits of capital and the wages of labour.

Manufactured commodities would therefore appear to have a natural tendency to maintain an exchangeable value precisely

equal to the maintenance of the operative hands, who contributed their labours towards their fabrication, and also allowing to the capitalists, who have advanced their stock, the common rate of profits, besides making a provision for that portion of their cost which may happen to belong to rent, or any description of fixed capital.

Throughout the preceding chapters our inquiries have been chiefly directed to the principles of value, to the development of the original sources of income, and to the natural division of that income, into wages, profits, and rent. Fenced in as each of these is, by physical, moral, and intellectual causes, we are enabled to lay the groundwork of political economy upon a body of the most satisfactory facts. It must be granted, that owing to the increasing operation of temporary incidents, these facts can be distinctly viewed in an abstract form only, in which temporary incidents are wholly drawn aside. But when once we have fairly effected this separation, the mysteries of the science are dispelled, and our conclusions become as certain and obvious as the clearest mathematical deductions.

Having ascertained the principles of value, and the laws which regulate the division of income among labourers, capitalists, and landlords, we may now fairly enter upon an inquiry into those causes which tend to produce and augment that income.

CHAPTER VIII.

ON THE AUGMENTATION OF NATIONAL WEALTH AND THE ACCUMULATION OF CAPITAL.

SECTION I.

Labour considered as an Agent Productive of National Wealth.

NATURE has furnished us with little or nothing that can be called public wealth. In general, she has either covered the

most fertile soils with thick forests, or placed them in deep swamps and dangerous bogs. She has taught animals to escape our grasp, and the finny tribes to seek for shelter in the watery deeps; having provided us with few natural wants, but such as are obtained at the expense of labour and toil.

Labour, then, is the agent by which national wealth is chiefly acquired. For, though nature has presented us with the earth, and endowed it with wonderful powers of fertility and reproduction, yet she has thrown a powerful array of difficulties in our way. It is labour which subverts these barriers, and presents us with abundance, in the place of forests, swamps, and bogs; builds the most splendid cities, fabricates powerful machines in aid of that very labour itself, produces and collects together immense stores of wealth, forms roads, builds ships and harbours, and proudly carries navigation either through the bowels of the earth or over the deep recesses of the vale.

As the welfare of the human species originally depended upon labour, by whose agency all wealth is acquired, so every improvement in their condition chiefly depends upon the productiveness of its powers, and the industry and skill with which these powers are either multiplied or directed. When land of the standard quality already stated was in a state of nature, we may be allowed to suppose that 100 acres of such land were not equal to the maintenance of a single person, and who had little or no time at his disposal after the immediate necessities of life were provided; and would, therefore, have the most limited means of laying by a portion of his labour as a provision for future necessities, or of causing his future labours to become more productive.

But were the whole produce of this 100 acres of land secured to him and his progeny, he would then endeavour to rear a family, to devote a portion of his time to the cutting down of the wilderness, and to the cultivation of the ground. The utmost exertions he could make would enable him to proceed very slowly, arising from the principal part of his time being taken up in the supply of his immediate wants from labour so very unproductive. But proportionately as his labours became more productive, assisted as they were by a small stock of accumulated capital, he would be enabled to bestow more time in hoarding up a further addition of capital, and in attaining more ample means of gaining a livelihood by labour. In truth, his wealth would increase upon the principle of compound interest, and every succeeding year would increase the productiveness of his labours, and place within reach a great-

er command over subsistence, and eventually of gratifying new and artificial desires. At length, after succeeding generations had deposited in this 100 acres of land, further additions of capital, we may suppose it brought into the out-field system of husbandry, which, in the fifteenth century, was the prevailing practice of Great Britain.

Though the more powerful means of the accumulation of capital had advanced thus far, farm buildings would still be found in a comparatively wretched state compared with what they are at present; and there would neither be a stock of improved implements of labour, fences, drains, nor made roads, to insure an abundant supply of provisions, nor a dense population to demand that abundance, nor foreign commerce to keep up the demand for labour, and thereby find employment for that surplus of its supply, which an improved state of agriculture necessarily brings to market. All their implements of husbandry would be inefficient, their working and store cattle indifferently fed, the ground be overrun with filth, and the whole system of cultivation unskilful and injudicious. When they took the produce of land to market, or sought fuel, manure, &c. from a distance, a want of made roads would preclude the use of carts, except at particular seasons of the year. Under such circumstances, according to our estimates in Chapter V. 100 acres of out-field land, including the profits of the tenant, would do no more than leave a clear income of L.108, 12s. 6d. a year.

Though this 100 acres of land were far removed from its natural state, or that of "the rude uncultivated wilderness," yet, if we consider it as a self-acting principle, working after the manner of compound interest, and which is continually providing its own means of augmentation, and enabling annual industry to yield more produce, the efficiency of individual labour would still be comparatively limited, and the accumulative process of national wealth extremely slow.

Farm buildings must be rebuilt, fences raised, public and private roads made, a set of new implements of husbandry provided, the land must be properly cleaned, and an improved stock of working and store cattle reared, out of this L.108, 12s. 6d. a year, after the landowner and farmer have supported a suitable rank in society. However, in time, stimulated and assisted by that wealth which manufacturers and commerce had amassed in towns, the important change here proposed is effected, and the income, at the disposal of the landowner and farmer, we shall suppose has arrived at the second period of accumulation, and now amounts to L.231 a year, or more than double.

When we entered upon what we shall suppose to be the third period of the accumulative process, which proposes to increase the rent and profits arising from 100 acres of land, formerly managed according to the out-field system of husbandry, to L.363, 1s. 6d. annually, the means of accumulation would be more ample than at the commencement of the second period; and when the third stage of the accumulation of additional income was attained, more efficient funds would arise from realised income, ready to supply a new advance of capital stock, so long as any means of profitable investment, either in land, buildings, manufactures, commerce, navigation, fishing, mining, roads, railways, canals, harbours, &c. could be found, and thus carry forward the accumulation of national wealth, until every part of the habitable globe were fitted for the comfort and happiness of man so far as the obstacles of nature allow.

The funds out of which a new capital may be advanced are not, however, limited to the proceeds of rent and profits. The lowest state of the labouring classes is that which enables the labourer to maintain himself and family. Young men, in the vigour of manhood, who have neither wives nor children to provide for, have therefore the ability to lay up a portion of their income and realise capital, and which may amount to 10 per cent of the whole income capable of being invested in new capital.

But, by way of illustration, suppose that when Great Britain was in the hunter state, on each 100 acres of land, there could be set aside for the accumulation of capital, only,

L.0 10 0 annually

That, in the year 1700, rent and profits

amounted to 108 12 6 ditto

Ditto 1800, ditto, 231 0 0 ditto

And that we are approaching a period when they may be expected to amount to

363 1 6 ditto

As income from other sources has been accumulating in a much higher ratio than that of land, it may be reasonably concluded, that the advance of a new capital towards the more perfect and profitable management of the soil, must, in time, bring it into a state of much greater fertility than at present, and that its improvement may advance for an almost indefinite period of time. For as the means of accumulation are constantly going on after the manner of compound interest, certainly requiring a much longer period to attain the doubling

principle, owing to the necessity of also drawing out of the same funds what is consumed annually in the gratification of our artificial desires as well as the repair of old capital. We may, however, rationally suppose, that the augmentation of our national wealth will not stop so long as profitable means of the investment of additional capital can be found, and that the cultivation of land may hereafter attain a state of perfection of which we now have a very faint notion. Indeed, nothing is more obvious than that the whole train of improvement which produces the most perfect cultivation cannot be accomplished at once, no more than that manufactures and foreign commerce can attain the highest state of their advancement in the course of a few years. The accumulation of national wealth, in all its various departments, is uniformly the work of time and of favourable circumstances. In the progress of national industry, new objects are continually presenting themselves, which, when once attained, open out new and more brilliant prospects than could have been previously contemplated, and for which anterior proceedings had prepared the way. He who imagines that the accumulation of our national wealth may, at a period not far distant, assume a stationary point, considering the infinite means of the profitable investment of new capital which may hereafter be made in land, buildings, manufactures, commerce, navigation, colonization, &c. &c. must be very indifferently acquainted with the nature of our national industry, and the various objects that still remain unattained. In the improvement of land, for instance, new and additional portions of capital may be invested in its good management, with as sure returns of profits as any of the former portions already advanced.

Income derived from any of the former portions of capital invested in the soil, certainly comes in with infinitely less labour or expense than that which remains unacquired. In truth, it then costs nothing: for the cost is already advanced, or realised, and differs as widely in its circumstances from capital not advanced, as a lump of iron ore in the mine differs from the blade of a knife, or the shoe of a horse, or any other production manufactured from iron. Mr. Ricardo has certainly amused us a good deal about the difficulty of raising the last additional portion of produce from the ground, when compared with those portions which preceded it. And in this instance he is very correct: for it is much easier to have a knife ready made to our hands, than to manufacture one from the ore of iron. In the same way, it may be equally as profitable to drain a field, clean it properly, lime or marl it, as it was to fence it in, or to raise the farm-building, &c.

Were a wealthy English capitalist to dispose of the property that belongs to him in England, which has been realised by former industry, and take it to Van Diemen's Land, where he could have land for nothing, he would probably discover that he had made no very judicious change. For he might find himself placed in the predicament of a person resolved upon commencing the manufacture of such articles as he was desirous to procure, instead of purchasing them ready made to his hand. But he might say, Let me have a tolerably numerous population in Van Diemen's Land, and you should see how advantageous it would be to have land there for nothing. But what would any one do with a numerous population in Van Diemen's Land, until labour has prepared subsistence for them, and provided employment for their surplus labours? After that subsistence had been provided for by the application of labour, it would then become infinitely more easy to procure additional funds of subsistence for an increasing population than it now is, arising from the greater means of accumulation which realised wealth everywhere bestows. It is only necessary to state one fact more on this subject: Salted provisions can at this moment be profitably taken from England, where land is dear, to Van Diemen's Land, where it may be had for nothing, after deducting all expenses incurred by a long sea voyage and the outlay of capital. How is this fact to be accounted for, but by the realised capital which exists in the one country, and the almost total want of it in the other? It is much easier for us to raise additional provisions for an increase of more than two millions of inhabitants, in the next ten years, besides sending off to foreign countries two millions of emigrants, notwithstanding the dense population we already have in England, than it is for the inhabitants of Van Diemen's Land to raise subsistence, in the same period of time, for an increased population of 40,000, even though one-half of that number should be supplied by emigration. The most prominent difference in the situation of the two countries is, that the one not only possesses an immense store of subsistence furnished by former industry, but the means also of securing a great production in future, which are altogether wanting in Van Diemen's land. They neither have the blade of the knife ready made to their hands, nor the means prepared by which the application of very little labour can supply it. They have nothing but the ore in the mine. The chief cause of the different circumstances of the two countries are at once obvious.

To illustrate this principle in another way: What country, of equal extent with Great Britain, can raise the necessary subsistence for an additional population of two millions, in the next ten years, with more ease than she can? None, if we take the experience of the last ten years as an index to future events. This is evidently occasioned by the augmented means which every accumulation of capital imparts to its own multiplying powers.

In the early stages of the accumulation of public wealth, such articles as are calculated to provide for the necessities of life are the chief objects of desire. As wealth advances, income at the disposal of its owners advances at the same time; a greater desire to purchase articles of elegance and luxury is formed, which assimilates itself with the habits of the wealthy ranks of the people, in proportion as the means of gratifying those desires become more extensive. These articles, being produced by capital and labour, in the same manner as the necessities of life, when wealth increases, a new basis of income is founded, to supply a number of artificial desires that originate in moral and acquired habits, and find employment for the surplus labour with which greater powers of agricultural production naturally supply the market. From the very nature of these desires, they are limited by the command of means only, and create an income for those who give them in exchange for the profits of capital and the wages of labour. Hence the gratification of those desires, though it comes out of the very funds which go to the augmentation of wealth, does not subtract from capital, but is the very circumstance that calls it into being, and provides it with adequate employment.

If the capital employed in a wealthy country for supplying the necessary wants of life accumulate to a great extent, the capital advanced to supply the acquired desires of man may accumulate in a much greater ratio. The influence of this principle is so obvious to every one acquainted with the present state of Great Britain, that it requires very little comment. The elegances of dress, of our houses, and equipage—the various articles which administer to the ease and convenience of the wealthy—the supply of the spirituous liquors and wines—and the numerous animal and vegetable productions, that contribute to the gratification of our various appetites, are all of them the result of capital and labour. Indeed, every political economist admits that labour, returning annual rent in one of its forms, the profits of capital in another, and the wages of labour in a third, is the agent to

which national wealth may be chiefly traced. Nor is it less conclusive, that in proportion as the income at the disposal of a people advances, immediate labour acquires additional power of opening out new stores of wealth, in a multitude of various forms and arrangements to which it may be profitably applied, and the ease which a large portion of its inhabitants enjoy, may be distinctly traced to former industry. It is the chief end of all national wealth, to produce income from labour stored up in the shape of capital; and as realised capital requires no exertion on the part of its owner to bring in an income, in consequence of the advantages imparted to those who employ its powers of production, so its proper function is to yield an income in return for labour that has been previously performed, and which augments the productive powers of present industry.

SECTION II.

A Summary View of the comparative Wealth which former Industry has bestowed upon the British Empire, in different Periods of Time, and showing the comparative Progress of its Accumulation.

THE wealth, the power, and the resources of the British empire, and the ease and affluence enjoyed by a large portion of its inhabitants, may be distinctly traced to former industry stored up for future use. Indeed, the chief end of all national wealth, is that of deriving income from capital, which, when once realised, of itself brings in an income in future, without requiring any exertion on the part of its owner. For, as it enables those who employ its powers to save a quantity of labour equal at least to its market value, and often ten times more, so its proper function is that of yielding an income to its owner in return for labour advanced beforehand, and which labour so advanced imparts greater powers of producing to those who are immediately benefited by its use; and, when it has enabled a portion of the people to live without resorting to labour, that portion is evidently empowered to employ it either in accumulating new stores of wealth, or in spending it in such objects of desire as cause a demand for a new advance of capital.

Though the amount of the population of the united kingdom, at the accession of Queen Elizabeth to the crown, did

not probably exceed 6,000,000 of people, yet we have at present far less reason to dread the visitation of a famine, when the population is full 20,000,000; though a great body of the people enjoy large incomes without contributing any labour. The sole difference between the circumstances of the country in the time of Elizabeth and in the reign of George IV. consists in a great mass of industry now stored up, and which had no existence at that period.

The following tables are formed with a view to illustrate the progressive increase in the value of the income of the United Kingdom, since the year 1560. In order to come at a fair comparative estimate, the price of labour in each period is made to conform to farm labour at 13s. per week, or wheat at 80s. per quarter; which agrees with the rates of all our former estimates; 13s. per week to an able-bodied farm labourer being taken as unity.

These estimates, however, in the first place, are made in the money of the period of time to which they apply, and in conformity to population and the public revenue. For the sake of brevity and of illustration, the basis of the several estimates are given without the fractional parts. Thirteen weeks' earnings of an able-bodied farm labourer are supposed to be equal to the support of a single person, with the commonest necessities of life through the year. This basis gives the several amounts of income of the first table.

Years.	Wages per week.	Diff. for 13 weeks.	Population of the United Kingdom.	Income required for their support.
1560	4s. 0d.	£2 12 0	6,000,000	£15,600,000
1650	6 6	4 4 6	7,000,000	29,575,000
1700	4 6	2 18 6	8,500,000	24,862,500
1750	4 7	2 19 7	10,500,000	31,281,250
1801	11 6	7 9 6	14,500,000	108,387,500
1811	15 3	9 18 3	17,000,000	168,512,500
1821	10 0	6 10 0	20,000,000	130,000,000

In proportion as a state acquires greater wealth and more disposable income, it can afford to contribute a larger portion of that income towards public taxes. For instance, a person who enjoys an income of L.200 per annum, has the ability to pay L.40 a year in public taxes with more ease, than a person who has an income of only L.100 per annum is enabled to pay L.10 a year. This principle applies still more forcibly to the ability possessed by every nation towards the payment of public taxes. In the reign of Elizabeth, it is there-

fore supposed that only 1-15th of the disposable income of the country was levied in public taxes, while in 1811 one in four and one-half of that income was thus levied; and that in the intermediate periods from 1560 to 1811, the country has progressively paid a larger part of its disposable income in public taxes.

Years.	Public Revenue,	× by	gives the amount of disposable income.
1560	£500,000*	15	£7,500,000
1650	2,000,000†	10	20,000,000
1700	4,000,000†	8	32,000,000
1750	7,500,000†	6.7	50,250,000
1801	28,000,000*	5.5	154,000,000
1811	64,000,000*	4.5	288,000,000
1821	50,000,000	4.5	225,000,000

These estimates give the following amounts of income in the several periods to which they apply in the current money of the time.

Years.	Requisite Support.	Disposable Income.	Total amount of Income.
1560	£15,600,000	£7,500,000	£23,100,000
1650	29,575,000	20,000,000	49,575,000
1700	24,862,000	32,000,000	56,862,000
1750	31,281,250	50,250,000	81,531,250
1801	108,387,500	154,000,000	262,387,500
1811	168,512,500	288,000,000	456,512,500
1821	130,000,000	225,000,000	355,000,000

If 13s. per week to an able-bodied farm labourer, or 80s. per quarter for wheat, be taken as the comparative standard of value or unity, we shall then have the following results :

* Colquhoun.

† Wheatley.

Years.	Wages per Week.	Compa- rative Values, or 13s. as Unity.	Required Support.	Disposable Income.	Total Compara- tive Income in Money of equal Value.
	s. d.				
1560	4 0	3.25	£50,700,000	£24,375,000	£75,075,000
1650	6 6	2.00	59,150,000	40,000,000	99,150,000
1700	4 6	2.90	72,099,800	92,800,000	164,899,800
1750	4 7	2.83	88,525,937	142,207,000	230,732,937
1801	11 6	1.13	122,479,875	174,000,000	296,499,875
1811	15 3	0.85	143,235,625	244,800,000	388,035,625
1821	10 0	1.30	169,000,000	292 500,000	461,500,000

A comparative view of the actual value of the public revenue of the united kingdom in different periods, or showing its command over labour and subsistence.

Years.	Public Revenue.	Comparative Value of Money as above.	Comparative amount of the Public Revenue in Money of equal Value.
1560	£500,000	3.25	£1,625,000
1650	2,000,000	2.00	4,000,000
1700	4,000,000	2.90	11,000,000
1750	7,500,000	2.83	21,225,000
1801	28,000,000	1.13	37,290,000
1811	64,000,000	0.85	54,400,000
1821	50,000,000	1 30	65,000,000

It would therefore appear that the public revenue of the united kingdom of Great Britain has been continually rising in value, in its command over labour and the means of living ever since the accession of Queen Elizabeth to the throne, and yet it is more than probable that the people of this country never felt the pressure of taxation in a less degree than at present.

If the augmentation of public wealth had not been constantly going on at a steady pace ever since the days of Elizabeth, according to the principles of compound interest, or the accumulative process which capital imparts to the productivity of present industry, it would have been quite impossible that the annual value of the public revenue could have continually enlarged. For it is certain that the public

revenue of the year 1824 would purchase either considerably more corn, or labour applied to the cultivation of the land which grows that corn, than in 1811.

The amount of the value of public wealth, it must be observed, does not consist in the mere numbers struck out by gold or paper money, or any other false standard of value, but in the efficient powers of capital and annual labour over useful productions. Though we have a less amount of nominal income now than in 1811, yet as we have more productive land, more people employed in the cultivation of that land, more buildings of various kinds, and more machinery, merchandise, ships, docks, canals, roads, &c. than we had then, so we are in reality more wealthy, and have more extended means of augmenting wealth.

Nothing is more teasing to the political economist than the fluctuating values of the currency, since it compels him to be continually estimating with numbers, the values of which are materially different. Thus, the different lines of money in Tables Nos. 18 and 19, are all supposed to be of equal values in exchange, though they often differ very widely in amount. But on finding, according to the tables just given, when the fluctuating values of money are fairly removed, that the public revenue and national income of Great Britain exhibit a progressive increase surprisingly steady, and apparently acting in a manner similar to that of compound interest, but more slow in its operations of doubling, we rest assured that a gradual accumulation of our national wealth has been constantly going on from the reign of Queen Elizabeth to the present time, and that the amount of that accumulation, in any period of ten or twenty years, has uniformly been greater in proportion as the nation became more wealthy. In the same manner in which a rich man is enabled to accumulate money more easily than one who is comparatively poor, it is easier for a nation to advance new capital, and make new investments in proportion as it becomes more wealthy.

Though these tables have no pretensions to the nicest accuracy, yet the body of facts upon which they are formed respecting the principles deduced from them, namely, that the difficulty of accumulating national wealth becomes less in proportion as capital accumulates, is correct.

SECTION III.

On the Means the People of the British Empire possess of investing a New Capital profitably.

IN LAND.

INDUSTRY, knowledge, and realised capital, when employed under favourable circumstances, are the parents that bring into existence every portion of newly created capital. In the early stages of the improvement of land by capital, it does not follow that it will be directed in the first place to those objects which ultimately yield the most produce in return for the labour employed. For instance, the expenses attending the drainage and irrigation of boggy ground might return the landowner 50 per cent annually, after the way had been prepared by new circumstances which arose out of the progress of public wealth.

The improvement, however, of boggy land by draining and irrigation is never the first object attended to by the settlers of a new country; and so far are their proceedings opposed to this, that they frequently place it altogether out of their reach. Individual rights are often acquired over such streams of water and rivers as are applicable to irrigation, which subsequently preclude the owners of land from availing themselves of those benefits that new events might otherwise have thrown in their way. In an uncultivated country, the rivers are generally so poor in those fertilising particles of matter, which distinguish the rivers of highly cultivated districts, as to render irrigation wholly unprofitable. Even the highly fertile meadows at the foot of Salisbury Crags, in the immediate vicinity of Edinburgh, and irrigated by the water that now runs from the city, would, in the early stages of society, offer none of those advantages which future incidents have rendered available, and are consequences flowing from the influence of the capital employed in building that splendid city. Again, corn being generally one of the chief objects to which new settlers attend, as well as a people just emerging from a state of indigence to that of wealth, and as it is the most easily obtained from soils of a good quality and naturally dry, they seldom direct their first attention to the draining of swamps and bogs, or any other description of ground.

The people of old inhabited countries, in the early stages

of their prosperity, as well as those recently peopled by the descendants of civilized countries, lay out their capital at first in the erection of houses, and in clearing the land of timber, underwood, &c. Now it might, and almost uniformly does so happen, that in future ages the progress of wealth and knowledge present an outlay of new capital which yields much more ample returns than any portion of that which had been previously advanced; for instance, the irrigation of the meadows at the foot of Salisbury Crags, and the drainage of the wet upland soils of a good quality, when the stagnant water is removed.

Besides, the natural fertility of land is not worn out by cultivation, where a judicious system of husbandry prevails. On the contrary, that fine subdivision of the earth, which is so well known to contribute to its productive powers by every well-informed person, adds greatly to its native fertility. Viewing, then, the circumstances under which the united kingdom of Great Britain is placed, it may be just as easy, in the next seventy years, with the extraordinary command of means she now possesses, to raise an additional supply of provisions for double our present population, and that too from our own soil, as it has been to raise additional provisions for a doubled population in the last seventy years.

More perfect systems of cropping, land better cleaned, and more economically cultivated, together with the progress of knowledge, draining, irrigation, embankments, better roads, and the influence of more large and wealthy towns, present to the action of that extensive command of capital we already possess, an almost inexhaustible field in which the obstacles of nature may even be broken down with more ease than in former times.

It may be said that this is a mere theory, and unattainable in practice. Judging by what has been done upon a bad soil by J. C. Curwen, Esq. M. P. at the Schoose Farm—by the amazing extent of land still imperfectly drained—by the extremely limited quantity of well-drained and irrigated meadow, compared with what might be done—by the extent of land which might be reclaimed from the sea by embankments, and the diversion of the courses of rivers; these, when added to the progress of good husbandry, and the experience we have had of the influence of capital in past periods, show that there is no reason to doubt the correctness of the views we have formed on the future progress of our national prosperity. We have capital—that capital is accumulating, and thus forms a part of the objects that come within its influence.

It has been already shown in what manner the annual rental of 100 acres of land, of the quality already stated, might rise from L.63, 12s. 6d. to L.171 a year. But however obvious and clear such a rise of rent might be, under the direction of a liberal and skilful farmer, when guided by industry and experience, the average management of the land throughout the United Kingdom is far, very far, indeed, from having attained this plain beaten track which produces this augmentation. The comparative rate of this improvement generally, has not probably advanced farther than L.130 a year on land of such a quality. Even the annual rent of the very land here alluded to has not risen to L.130. Besides, attentive and judicious husbandry, in a state of tolerable excellence, occurs only in small and detached patches. Let any person of ordinary experience and information go into any part of the United Kingdom, and compare the actual state of practical farming with our best specimens of profitable husbandry, and he will be convinced that the extent of improvement we have assigned to Great Britain and Ireland, is by no means overrated.

From the years 1811 to 1821, the population of the United Kingdom was increased 3,000,000. If we had found a greater difficulty in raising an augmented quantity of provisions from our own soil, how did it happen that the importation of foreign grain was, in that period, brought under more limited restriction? Placing the two facts, of population and agricultural resources, side by side, it would be more rational to conclude that there is something in the constituent principles of wealth, which diminishes the difficulty of raising an augmented quantity of provisions from the soil in the progress of national prosperity.

In the early stages of the cultivation of land, buildings, fences, and implements of husbandry are required, before productive husbandry can commence. As these produce nothing, but are only necessary for the first stages of production, it forms a very powerful reason for our further augmentation of produce, when we have taken those preparative steps which ought uniformly to precede the breaking up of the soil. In the first portion of produce raised from cultivated land, before the actual labours of cultivation and production commence, a considerable amount of expense is incurred, which does no more than prepare the way for the application of those labours which go directly to increase the saleable produce. Whereas it often happens, that when an additional portion of corn, &c. is demanded, as the capital and labour employed in raising it require little or no prepa-

rative outlay, so it may leave a much greater amount of clear gain than those portions which had previously been raised.

This principle is strictly conformable to the general rule already stated, that the last additions of capital are realised more easily than those accumulations already formed. The most severe struggle is that which every nation and every individual has to make at the commencement of their savings. When these savings have commenced, and additional profits and produce begin to be acquired, as it was the first outlay, or advance of capital, which formed the foundation of all the succeeding portions of wealth acquired, so the last additions to capital are not only made with more ease, more rapidly, and to a greater amount, but are advantages arising out of the first, or preparative savings.

If to bring 100 acres of land from a natural state into cultivation, in clearing the ground, erecting farm-buildings, fences, and other expenses of a preparatory nature, were to cost L.1000, and, in the first stages of cultivation, returned $7\frac{1}{2}$ per cent for the capital advanced; a further capital of L.500, laid out in roads and drains, on which few or none of the expenses attending building and inclosing can be said to fall, may return 10 per cent annually. But this last advance of capital, as well as that which was expended in culture, must be preceded by an outlay which prepares the way for production, but does not yield any direct produce.

All the external transactions belonging to a farm are conducted under great disadvantages. In proportion as roads are made, kept in better repair, and formed upon more correct principles, the external affairs of a farm are carried on at less expense, additional capital is invested under more favourable circumstances, and the annual value of the first outlay rises along with it; so that the original capital of L.1000, which at first yielded an annual return of only $7\frac{1}{2}$ per cent, might subsequently rise to 10 or 15 per cent. It is obvious that this rise of profits would not be occasioned by the greater difficulty of raising an additional produce from the soil, but from the more productive powers of individual industry which capital had gradually unfolded.

The formation of public roads almost uniformly precedes those which belong to the local occupation of land. But suppose that both the public and local roads have been made in tolerable perfection, something like those of the United Kingdom at the present day, we shall then find the transactions of carriage connected with land entirely altered; and, in place of almost the whole of these transactions being conducted in the most favourable weather, we shall find them

chiefly carried on during seasons unfavourable to operations more immediately connected with tillage; and thus the annual returns of the original capital of L.1000 might be subsequently raised to 12 or 15 per cent, in consequence of the new events, that had arisen out of the gradual progress of national wealth, having imparted more productive powers to individual labour; and as water carriage facilitates industry more powerfully than carriage roads, when the improved circumstances of the country led to the adoption of inland navigation, more advantageous and distant markets might become available, and adventitious manure and fuel procured at a cheaper rate.

On comparing our experience of the past, with our future prospects of raising an additional produce from the soil, we may as confidently expect to possess the means of raising provisions for 40,000,000 of inhabitants in 1891, as we were enabled to provide for 20,000,000 in 1821. However, provided this cannot be done from the proceeds of our own soil, the repeal of our ill-advised corn laws, a measure which, ere long, must take place, will hardly fail in raising our national means to the extent here assigned; and probably these events may be accomplished at a much more early date.

IN HOUSES, AND OTHER BUILDINGS THAT YIELD RENT.

Were we to measure the accumulation of our national wealth by the increase of the rent of houses, and other buildings, developing itself now in Great Britain, the ratio of increase we have assigned would appear far below what is at present actually transpiring. The extent of new buildings erected annually in London, Manchester, Liverpool, Leeds, Glasgow, Edinburgh, &c. astonish even those who are the most intimately acquainted with the all-powerful influence of British capital and British industry. The real secret is this, the prosperity of our towns is promoted by that of the country, by commerce both foreign and domestic, and by the amazing wealth annually acquired within our towns themselves. Hence, the means of making new investments of capital in buildings are, speaking comparatively, more quickly multiplied than in land. Nor do the causes which lead to the prosperous state of our towns end here. The annual dividends paid to the public stockholder, the large incomes drawn from abroad annually, and that squandering of property which spendthrifts choose to incur, are more readily distributed among the inhabitants of towns than those of the country. The efficient demand of such articles as the latter usu-

ally produce, is principally limited to the supplying of provisions; but the income distributed among the former has no natural bounds, while there are people who have the means and the desire of consuming; and, owing to this circumstance, it would seem probable that the natural increase of houses, and other buildings, offers a more extensive field to the investment of new capital than land. The steady pace at which our towns continue to rise in the scale of national importance, is extremely favourable to this opinion.

Nor does the increasing size of towns occasion a fall in the rental of houses previously built. On the contrary, it chiefly happens, that the rent of houses in the old and central parts of large towns becomes higher in proportion as new additions are made, and which, in time, raises the rent of this sort of property to a height surpassing all belief, until, at length, a very limited area may bring in a rental of L.1000 a year. For as new incidents occur during the progressive accumulation of national wealth, events the most astonishing are brought about, and which may ultimately appear as regular consequences. Who could have contemplated, a century ago, what has been accomplished of late years in the city of Edinburgh? To have supposed that a shop on the North Bridge would hereafter let for L.500 a year, was quite inconceivable; or that its most splendid street would run directly from the Register Office to the Calton Hill. At some future time, works of an equally extraordinary character may be entered upon: for instance, Drummond Place and the Grassmarket may be subsequently connected by a direct and continuous line of streets nearly level. It would be nothing more than running a spacious tunnel under the High Street, passing along the Mound, and carrying a sunk street through the most favourable part of the New Town, with necessary bridges to preserve all the present communications. We certainly do not, for one moment, suppose that this will be done; we only wish to show, that capital and industry frequently overcome seeming impossibilities; and nowhere is this idea more strikingly illustrated than in Edinburgh,—a city built upon high rocks and in deep vales may be now ranked among the most commodious towns in the British empire; and as this has been accomplished by a regular series of improvements, it may be proper to inquire into the nature of the causes which have led to it, and how far those causes are likely to promote the rising prosperity of our towns in future; and we trust we shall be able to show, in the most satisfactory manner, that rational liberty and free

trade are the chief things required to secure the continuance of our national prosperity.

COMMERCE, MANUFACTURES, NAVIGATION, &c.

In a country constituted like Great Britain, the means of providing subsistence for an augmented population, lay the foundation of an increase of capital in commerce, manufactures, and navigation, fully corresponding with our past prosperity, and even advancing much beyond it. The efficient demand of our manufactures and other national productions by foreigners, depends in a great measure upon the means we have of investing a new capital in colonial and other foreign establishments, and in the consumption of foreign luxuries and the raw produce they can offer in exchange for our manufactured productions.

In proportion as we are able to purchase the merchandise of foreigners, and invest a new capital abroad, we shall have a tendency to force the exportation of our manufactures and other home productions. In conformity with this rule, if we demand more East and West India produce, more wines and spirits from the nations of continental Europe, and more of their raw produce of whatever kind, we shall cause an exportation of home productions to a corresponding extent. When we have a more numerous and wealthy people to provide for, we shall naturally augment all those demands both at home and abroad which necessarily require that our manufactures and merchandise should be given in exchange; and not only increase our purchases abroad, but enable us to invest a considerable amount of new capital in foreign countries, which investment can be made either from the incomes we receive from abroad, or the exportation of articles that result from our industry at home. The limits to an augmented supply of foreign produce are so boundless, the means of increasing wealth abroad so extensive, as to insure a multiplied supply of cotton-wool, sugar, wines, spirituous liquors, besides many other articles we import from foreigners. Viewing, therefore, the means we possess of investing an additional capital in agriculture, houses, manufactures, commerce, and navigation, a prospect so unbounded in extent is opened out before us, and so clearly within our reach, as to remove all scruples about our future prosperity as a nation; and we may confidently calculate upon possessing a national income of L.923,000,000 annually in the year 1891, or twice the amount of income in 1821, together with a public revenue exceeding L.140,000,000 a year.

Perhaps the incautious reader may begin to suspect that accumulated industry, stored up in the form of capital, when added to knowledge, forms the sole cause of the advance of national wealth. Labour, viewed in its immediate character, everywhere presents itself, and is ready to act when it meets with sufficient encouragement. The most powerful exertions it can make are however incapable of producing wealth instantaneously: because it necessarily works its way by slow but sure gradations, so long as any objects present themselves that promise an adequate return of profits and the wages of labour.

National wealth does not exist in nature, but is acquired by a long and continued series of events which constantly hold out to industry a due reward; and we now come to consider the various circumstances that stimulate the hands and head of man to those active exertions which realise public wealth by every method which the ingenuity of man can devise.

SECTION IV.

On the excitement that our desires to consume Marketable Articles give to Labour, and on the Formation of new Capital and Income which that excitement occasions.

LABOUR exerts its powers in proportion to its efficient demand, and capital accumulates accordingly, accompanied by a progressive development of knowledge and skill. The demand for labour arises from two distinct sources: first, from a natural desire to consume the necessaries and comforts of life; and, secondly, from an inclination to gratify a number of feelings and moral notions that arise out of acquired habits, and which prompt us to consume a number of marketable articles that might be dispensed with, were we not urged to use them by a train of artificial desires.

From a strong propensity in man to possess the means of gratifying these natural and acquired desires, and an inclination to avoid labour, the very agent that produces them, all his ingenuity is employed to acquire the one and avoid the other. For the attainment of these two objects he endeavours to work through the medium of capital and intelligence, which, when once acquired, supply his various natural wants and acquired desires. The desire of consuming and of avoiding labour, opposed as they are to each other, form the chief

excitement to industry, and cause the advancement of national wealth so long as gratifications can be multiplied, and the means of supplying those gratifications can be found.

Consumption, in the two ways just stated, is therefore the cause of the formation of new income; and the new income, on being acquired, goes to supply additional funds, which may be either laid out in more extensive consumption, in the formation of new capital, or in the repair of that which had been previously realised. Consumption and production would therefore appear to excite each other reciprocally; and to form the chief cause of their mutual advancement.

It would then seem that annual income, in a national point of view, must precisely agree in amount with the property or income annually consumed in the necessities and comforts of life, in such superfluities as our artificial desires prompt us to use, in the repair of old capital, and in the creation of a new one; and that whenever either annual income or realised property is laid out in consumption in any one of these forms, it is necessarily replaced in the hands of new owners, and the actual wealth of the nation regulated accordingly, advancing as consumption advances, and receding as it recedes. For, like the material world, what is destroyed in one form, is never lost, since it uniformly assumes a new form. If we enjoyed a gross annual income of L.461,500,000 in 1821, (valued according to farm labour at 13s. per week, or wheat at 80s. per quarter,) the interchange of consumed property in that year must have been precisely equal in amount, including, however, the value of such articles as were used by the owners themselves, and taken out of the marketable stock in their possession.

Every inroad made upon capital by the expenditure of individuals, does not therefore annihilate the capital stock itself, since it only changes hands, and becomes the property of a new set of owners, who in their turn dispose of it in a similar manner; and thus the formation of new income and new property takes place in proportion as other income and property have been consumed. There must always be a race of dissipators to scatter national wealth abroad, and thus increase its circulation, while another class of people must be still more busily employed in re-collecting it, and again preparing for its dispersion. Like the economy of the blood in animal life, unless a due and regular circulation be carried on, the system becomes diseased, and either direct or indirect debility follows. The accumulation of national wealth, like the rising strength of animals towards maturity, neces-

sarily advances in a steady pace, while the causes of that accumulation continue to operate.

To apply this principle to the united kingdom of Great Britain, suppose we enjoyed a national income of L.461,000,000 Sterling in 1821, to raise that income to L.469,000,000 (which we shall suppose to have been the ratio of its increase) in the year 1822, would require that a greater amount of money should be laid out in the supplies required by an increased population, who had become more extravagant.

If the national income of 1822 exceeded the income of 1821 by L.8,000,000 Sterling, the additional expenditure would naturally resolve itself into four heads : first, The purchase of the necessaries and comforts of life demanded by an augmented population ; secondly, The increased extravagance of the people at large ; thirdly, The additional capital required to raise the necessary supply of the annual productions demanded ; and, fourthly, A larger amount of capital requiring more repairs. The funds that made good these several amounts of additional expenditure, would be advanced by the labours of a more numerous people, and the more effective powers of individual production, which resulted from the natural increase of capital. A continued increase in the public revenue of the country, year after year, shows pretty clearly that, as a people, our national wealth and resources have advanced in each successive year.

As expenditure is the chief cause that excites the accumulation of national wealth, the people of every prosperous country must have a tendency to spend more than their former income. Were this not the case, a new income could not be formed by the employment of a larger capital, since capital must uniformly tend to increase the supply, and unless that supply meet with an adequate demand, no accumulation of public wealth can take place ; because that portion of the capital stock which is annually drawn away by consumption, is more than counterbalanced by the powerful means of production which capital and labour are attaining.

Had the additional capital realised in 1821, in expectation of a greater demand in 1822, not met with a greater consumption in the latter year, the supply would have exceeded the demand, profits would have fallen, and income would have had a tendency to diminish. The cheapness occasioned by such a circumstance would have, however, operated in discouraging production and exciting consumption ; so that the accumulative process would again be propelled by the tendency of consumption to encroach upon the capital stock of productions, leaving the replenishment to be formed

by the efforts of capital, knowledge, and industry, which can seldom or never fail to perform their part, when sufficiently excited to activity by the hope of being rewarded.

Public wealth would, therefore, appear to owe its origin to the opposing desires of man, continually prompting him to consume and to produce: the desire he has to spend, to avoid labour, and to replenish the earth with inhabitants, opposed to the desire he has of possessing the means of spending. To acquire these means he must accumulate capital, and avail himself of the assistance that capital is capable of imparting to persevering industry and skill.

SECTION V.

On the Funds applicable to Annual Expenditure, and the Formation of a new Annual Income.

THE funds exposed to annual expenditure consist of the market value of all fixed property, the capital that has been realised, all sums of money that can be obtained upon credit, and the amount of all annual income arising either from rent, profits, wages, or any other form which income may assume, excepting, however, such property or income as may be in a state of mortmain, and therefore unalienable. Though these are the funds applicable to annual consumption, either in the necessities and comforts of life, or in the indulgence of such gratifications as arise from acquired desires, yet the actual funds applicable to consumption are limited by that supply which labour and capital may annually bring to market. Neither the capital invested in the soil, in the various buildings used for dwellings, workshops, and storehouses, the different descriptions of the work-tools of labour, nor the roads, canals, docks, and shipping of a country, and indeed the greater part of the capital stock which has been accumulated, can be expended in any of the ordinary forms of consumption; they can only change hands.

Mr. Colquhoun valued the real and personal property of the united kingdom in 1812, at L.2,647,640,000 Sterling; and annual income from every source at L.430,000,000. Suppose we value the national debt at L.600,000,000, we should then have a total amount of L.3,677,640,000; from which sum, if we subtract L.677,640,000 for untransferable property, the sum of L.3,000,000,000 would be placed at the dis-

posal of individuals, and exposed to the inroads of consumption, or applicable to the formation of new capital, and the repair of that which had been previously realised. Since the funds, capable of being laid out in consumption, are so ample, there can never be any want of means to set labour to work, or to find profitable employment for capital, while the productions brought to market meet with customers who have a desire, and are provided with the means, to consume them; and, it would follow, that public wealth chiefly depends upon a rapid consumption or demand for marketable articles, added to powerful means of producing them; which power, as has been already shown, becomes more productive as new capital is formed.

In proportion as a larger amount of property and income is applicable to consumption, there is a greater probability of an increased expenditure being incurred, and of possessing a national income to a corresponding amount. Though property and income to an amazing extent be annually exposed to the desires of consumers on dissipation, yet the general prudence and foresight of individuals, added to a strong desire in man to possess riches, have a powerful tendency to regulate the expenditure of a community by the annual income it may possess; and in conformity with the new funds constantly arising out of the process by which public wealth accumulates.

Should the people of this country be seized with an inordinate fit of dissipation, as the materials of dissipation are not the work-tools of production, or the productive capital of the country, the only effect resulting from such an occurrence would be, that of causing a scarcity in such articles as are usually consumed in acquired gratifications. As their immediate supply would be limited by the expected demand, this scarcity would occasion a rise in their market prices, and it would require more money to purchase them, and property and income would pass from hand to hand much quicker; that is, it would be more easily lost, and more easily gained.

But, so far would this inordinate fit of dissipation be from injuring the capital stock of the country, that it would excite the formation of new property in proportion to the dissipation expected in future, and additional means of accumulation would spring up commensurate with the demands of consumption. While the productions of labour and capital intended for the market were rapidly called for and consumed, the work-tools and stock of rude materials on hand, in-

tended to forward the manufacture of the articles demanded, would be increased instead of being diminished, and put new funds of consumption into the hands of the producers.

If dissipation has the effect of exciting the accumulation of capital and public wealth, a general inclination to save income and refrain from the use of marketable articles would have an effect directly opposite. It would cause more work-tools, more workshops, and more of the rude materials of manufacture to be provided than were demanded, and a general decay of capital and industry would follow as a necessary consequence. This course of things would, however, be arrested by the desire to consume on the one hand, and the increased means of consuming on the other, which cheapness had thrown in the way of the more miserly part of mankind.

The constituent principles upon which the interchange of commodities depends, show that when once national wealth and habits of spending have assumed a sort of organized form, there is no danger of a nation being ruined by luxury and extravagance. Some people, indeed, are continually prognosticating the ultimate fall of the British Empire from this cause. The fall of the Roman Empire is constantly adduced on this occasion. They do not, however, seem to recollect, that the luxury of the Romans was excited by the sword, which was not wielded for the purpose of gaining a livelihood by diligent labour, accumulated capital, and mechanical knowledge, held out by British political economy. Our wealth does not rise in proportion as luxury and extravagance are on the decline; but, in proportion as they pervade every branch of the people, who, after the necessities and comforts of life are supplied, have funds remaining that may be expended. Every lover of the happiness and prosperity of states must be ready to admit that consumption ought to be directed to proper objects, and that the conveniences and comforts of life, together with every species of intellectual acquirement, ought to be regarded as infinitely preferable to our indulgence in the gratification of worthless desires.

Individual judgment, guided by experience and observation, is continually adjusting the relations of the supply and demand of saleable articles, with the greatest nicety, and regulates the rate of profits, rent, and wages, in proportion to each other. Whenever any part of this vast machine is out of order, its movement becomes either quicker or slower as circumstances require, until the natural balance is restored.

The regularity of these movements, it is true, are liable to encounter great fluctuations. For instance, if the value of the circulating medium, in its command over labour and its productions, should considerably fall, since such a circumstance can hardly occur without proving advantageous to spendthrifts, their augmented means of spending will have the effect of quickening consumption, and of augmenting the profits of production, by lessening the amount of articles of merchandise in the market.

What the spendthrifts gained in one way they would partly lose in another, because the producers would be enabled to charge them a higher rate of prices; and thus industry would appropriate a considerable portion of these gains to its own use. A rise in the value of the currency would be attended with reverse effects, and would manifest itself by exhibiting an extra production, diminished profits of stock, and industry involved in difficulties and distress. In time, however, the relations of production and consumption would adjust themselves to each other, and the natural relations of interchange would be restored by diminished production on the one hand, and accelerated consumption on the other.

The more critical the inquiry into political economy, the more obvious will it appear that it is wholly regulated by a train of connected movements, which balance expenditure with means, and fix the amount of annual income accordingly. In the British Empire the amount of funds applicable to annual expenditure, and which keep up a due excitement to industry, is so widely distributed among the people, as to leave no doubt about our national prosperity in future, should measures of state policy be conducted with ordinary wisdom.

According as national wealth accumulates, the powers of annual production advance, more of the proceeds of industry are consumed, and the supply of what is consumed becomes more plentiful, and the accumulation of additional capital easier. In truth, that accumulation, working according to the principles of compound interest, multiplies the means of production at every successive remove, and ultimately acquires a power which has no limits, while any profitable investment of new capital can be found.

SECTION VI.

On superseding Labour by the employment of Capital in its stead, and the effects of Mechanical Powers upon the Interests of the Labouring Classes.

THE unalienable desire of man to spend, to replenish the earth with inhabitants, to acquire and possess the means of spending, and to avoid labour, point out to him the subserviency of capital and mechanical powers, in allaying that warfare of desires which nature has implanted in his bosom. His reasoning faculties teach him that, to avoid labour, and yet acquire and possess the means it bestows, he must work through the medium of capital and mechanical powers. These, when once acquired, work instead of their owner, and not only return an annual income without labour, but, if he chooses, he can dispose of the capital stock also, and convert the whole of it into the necessities or luxuries of life, though he should avoid labour altogether. No wonder, then, that all his intellectual and bodily powers, too, are exerted for the attaining of that which is everywhere so agreeable to his natural desires.

As an example, flax is at present spun in two ways, 1. By the common spinning wheel; and, 2. By an extensive combination of machinery, chiefly propelled by the steam-engine. The market price of linen yarn, spun in either way, is regulated by its estimation in use. The purchasers pay no regard to dearness or cheapness of production. From the length of time a common spinning wheel lasts, and the trifling amount of its cost, scarcely any thing can be charged upon the price of yarn as profits of capital; for the sake of illustration, therefore, we shall value it as nothing.

The expenses incurred in the erection of a flax-mill, including buildings, steam-engine, and machinery, capable of giving employment to 100 work people, when put in motion, we may state at L.10,000. In the progress of its erection, this sum would be chiefly distributed among masons, mechanics, forgemen, &c. in return for their labours. If the capital invested in this new creation were income drawn from the proceeds of capital employed in some other way, though the flax-mill were put in motion by the application of a great deal of labour, yet its owner personally would have contributed no part of either, since it was a capital formerly accumulated that was employed in working for him.

Suppose the total proceeds for spinning amounted to L.5000 a year, distributed as follows : 100 work people employed in the mill, at an average expense of L.30 a year each, L.3000; 10 work people, found with employment in furnishing coals, repairs, &c. say L.500; and the owner of the mill 15 per cent profits upon his capital, L.1500, making, in the whole, L.5000 a year, divided among 111 persons.

Were the same yarn spun by women on the common spinning wheel, at L.6, 10s. a year each, it would find employment for 769 persons, who would get no more for their services than 111 persons employed in mill-spinning. We may fairly conclude, that the capital stock of flax and yarn on hand was the same in both ways. Here would be 769 hard-working and half fed people, gaining no more income than 111 persons, and supported in comfort, after leaving to one of them, L.1500 a year for the loan of a capital that cost him no labour whatever. But, in case the women had experienced no opposition from the flax-mill, they might have had L.13 a year each for spinning.

The case would then stand thus : out of 1538 persons employed in flax-spinning, at 5s. per week, we should have one-half of them thrown out of employment, to make way for the mill-spinners, and the earnings of the one-half remaining reduced to 2s. 6d. per week. In a short time we might expect to find, that the whole of the 1538 persons originally employed in spinning yarn upon the common wheel, had entirely given way to 222 persons, who derived the same income from mill-spinning. From these data we may now draw our inferences.

Since, abstractedly, we may consider the 1538 hard-working persons, and in comparative poverty, to be wholly annihilated, we must proceed to inquire into its effects upon society, and the situation of those persons who had taken possession of their places, or the new direction which labour had assumed; for, in the end, we shall not find population diminished, but augmented by the change; and the whole produces nothing more than a different division of labour, accompanied by industry and wealth working in a new direction.

In the outset, we find the spinning of linen yarn reduced to one-half the price; consequently, the labouring part of the community would be able to command that necessary article with less labour; of course they could live better, and possess greater means of increasing population. But the owners of the new capital, which naturally arose in various directions, as we shall find, would not lay out less money in the spinning of linen-yarn, but more, as they would use a much finer quality;

and in case capital had, in a similar manner, supplanted labour in many other branches of industry, from a finer article being consumed, and a more extended foreign market being discovered in consequence of cheapness, we would not find two flax-mills, but most probably five, the incomes of which we may suppose to be divided among 555 persons. Now, as these persons were not more than one-half of them women, but husbands maintaining families, we might still find the population directly supported by flax-spinning to amount to 1538 persons, of a character altogether different from that of the original spinners. However, in case the reader should not be satisfied with this estimate, by taking into account the fabricators of the new capital, such as masons, mechanics, and labourers of various kinds, there would be no diminution of direct employment, while the spinning of linen yarn was reduced to one-half the cost. The various individuals who enjoyed incomes twice as ample as the old spinners, would be better able to consume a variety of taxable articles, which would greatly enhance the public revenues of the state, and create a class of consumers in a totally new direction.

We have still the consideration left, of the effects produced on those five individuals, each of whom possessed a clear income of L.1500, without the application of any labour; since if they attended to their own businesses, as they ought to do, then their clear gains would be full L.1700 each. As this large amount of income, left at the disposal of its owners, could not be annihilated without producing an effect, we shall suppose it expended, as it must finally be, in the general consumption. There would be a number of menial servants, horses, carriages, and luxuries of various kinds, which would call into operation new capitals and new industry, the limits of which cannot be estimated; but which might amount probably in the end to five individuals more, if we take into account every new capitalist, created by the application of capital to spinning flax, making in the whole ten persons, each possessing a clear income of L.1500 a year, without employing any labour themselves, since the labour they advance is through the medium of the capitals they employ. But suppose that these capitalists were divided into a greater number, receiving annually L.100 each, we should then have 150 capitalists, each capable of enjoying the wants and comforts of life, without contributing any labour themselves; and who, had the old system of spinning flax continued, must have toiled twelve hours a day at the wheel to have made 5s. per week each.

A comparison of the old and new system of flax-spinning would then stand thus: 1538 women, by close application to

the spinning wheel, would each earn L.13 a year, which, by adding a fractional part, would give a total of L.20,000. These women could not afford to employ a single servant out of their earnings, nor occasion the employment of new capital in any other direction, as the whole of their funds would be expended in the purchase of mean houses, coarse clothing, principally manufactured at home, and a few articles of farm produce.

In the new system, linen yarn would be spun at one half the expense to the consumer; and, from the new capital created, directly and indirectly, we should have 150 additional capitalists, enjoying an average of L.100 a year each, and possessing a total income of L.15,000 annually, without applying any labour; 1000 work people, at L.30 a year each, would earn L.30,000 annually; and 100 work people, each earning on an average L.50 a year, would possess a total annual income of L.5000. These several items, though flax is spun at one half the price, makes a total of L.50,000 a year, divided among 1250 persons. One portion of these persons would be exonerated from labour altogether; a second portion, perhaps three-fifths of the whole, would follow an attentive employment, rather than that of the hard labour of sitting at the spinning wheel; while a third, and remaining portion, might be chiefly engaged in heavy labours, for which they were liberally paid.

If 1538 women, upon an income of L.20,000 a year, provided for a population of 1600 persons, it is equally as probable that 1250 persons, possessing an income of L.50,000, would provide for 3200 persons. In the old system only 62 individuals would be supported without labour, while the new order of things would allow 2100 persons to gain a livelihood without labour. The one could afford to pay very few government taxes, while the other would enjoy the full means of paying a great deal.

A steady view of the superstructures of the old and new systems of production, when fairly stated, give the most satisfactory results, whether illustrated by theory or practice. Ignorance and prejudice may indeed still continue to whine over the loss of the 1538 industrious old women whose labour is thus destroyed, but every liberal mind and well-judging person must see that that labour has only taken a new and infinitely more brilliant direction: and that the 1538 old women are much better provided for in the new than in the old system. They either have employment from the new wealth created by the general introduction of capital and machinery throughout the country, or they have husbands, or children,

or friends in some way or other that are able to afford them support, perhaps in great affluence and ease.

A single fact alone is sufficient to overturn all the fears and doubts of those who lament over the too general introduction of machinery, as they are pleased to call it. In almost every part of the country, servant girls are at present full 30 per cent better REWARDED for their services, than at the accession of his late Majesty to the crown. How is this? Can it arise from the too general introduction of machinery? No. It arises from its general introduction, and the wealth it has occasioned from the produce of labour performed by the help of capital. Machinery is capital—capital empowers us to create capital,—and capital, when once realised, labours instead of man. Send the old women back to their spinning wheels, and misery would be the result. The new population, which the larger funds of support had created, added to the dearness of linen yarn, would cause a severe pressure to be felt in those parts that came immediately within its line of operation. But destroy the whole of those classes of new machines introduced since the year 1760, and we should instantly have a famine throughout the land, England would fall, and its amazing superstructure would crumble into dust. To go back to the distaff would be an act of indescribable folly. To suppose that man can be injured by forcing the elements into his service, betrays a want of those reasoning faculties which enable us to overcome the imposing obstacles that nature has thrown in our way. Look where we will, we shall find that capital is the main power which, in a country like England, has demolished and broken down a multitude of impediments, and presented us with the most amazing wealth.

It may frequently indeed happen, on the first introduction of new machinery, that much distress is encountered in particular branches of industry. For instance, on the first introduction of corn-mills turned by water, they would cause those persons to seek a new employment who gained a livelihood by grinding corn; and, in the same way, hardly any machinery can be introduced without having an immediate effect of that kind. But, surely, in a liberal minded country, where every one is at full liberty to choose his own employment, and to follow it in what way he may judge most advantageous for himself, it cannot fairly be said that the introduction of new machinery is unwarrantable, and contrary to the general interests of the country. Still, the reverse must be the result: machinery can never be too extensively employed. It lays the foundation of capital, and causes the cheap-

ness of production. The former, when once realised, produces an income to its possessor without the application of his labour, and the latter empowers the user to purchase what he desires to consume in exchange for a less quantity of labour and toil advanced by himself. To say, then, that the general principles of individual right to purchase cheap, and of each person to labour in what way he thinks proper, ought to be arrested, betrays so much ignorance, prejudice, and selfishness, as hardly to deserve consideration; and to listen to them for a single moment, would be to relinquish all those modes of operation by which national wealth is acquired.

It has partly become a prevailing opinion that the too extensive use of machinery is hurtful. People who are led away by first impressions, or influenced by selfishness and prejudice, are often obstinate in maintaining their opinions on this head. The former seldom inquire into the various sources of new income thereby created, and cannot conceive in what way the adoption of improved machinery may convert a portion of the labouring classes into wealthy capitalists, the consumption of whose incomes finds employment for labour in new directions, and the numerous machine makers, builders, &c. whom the new system calls into being, besides those whose labours are required in the productive application of the machines themselves. It is certainly very natural that those whose interests are immediately injured by the introduction of improved machinery should show some dissatisfaction.

The competition now going on between power loom and hand weaving is highly illustrative of those circumstances which mostly occur when labour is taking a new direction. In the end, abstractedly considered, those who gained a livelihood by the old mode of industry are exterminated, though in reality they reassume their stations in a new form; and it is evident that the class of people who are following an employment which the hands are gradually deserting, must be worse rewarded than those hands who are resorting to a new mode of productive industry; and we accordingly find the hand weavers of plain calicoes and muslins receiving less than one half the reward of those who prepare the yarn for the power looms, and attend to their management, while those who make the new machinery required have most extraordinary wages. The principles that apply to the power loom are precisely similar to those illustrated by the flax-mill: cheaper production occasioning a more extensive use of cotton goods, a greater proportion of work done by the aid of capital, and more individuals freed from labour altogether,

since they now acquire an income for the use of their capital stock imbodyed in machinery. On the other hand, we find the labours of the hand weaver reduced to one half the reward he formerly enjoyed.

It would certainly betray a want of proper feeling if we did not commiserate the misfortunes of a body of men so numerous as the hand weavers of plain cotton goods originally were, and the awful vicissitudes which have occurred in that sort of property. But since the introduction of more powerful and effective machinery is beneficial to society, by cheapening production, and superseding immediate labour, by the adoption of capital in its place, and which involves the wealth and happiness of future times, we should commit the grossest errors were we for one moment to throw any impediments in the way of improved mechanical powers. It is the power of cheap production, in all its various forms, which constitutes national wealth, and ameliorates the actual condition of the human race. For were we to supersede labour altogether, or nearly so, by the aid of mechanics and capital, no harm could ensue, since life would in a great measure become one continued round of pleasure and enjoyment; and it is obvious that all our railings against extravagance and machinery, the dread that a sufficient number of people may not be left to carry on necessary production, and that the waste of capital may involve the people in one sink of poverty and wretchedness, rather betray the wanderings of a weak mind, than exhibit the penetration and intelligence of the human understanding.

A full and dispassionate view of the subject would appear to show that the freedom of labour, the free application of capital, and the introduction of improved machinery ought to be that which they have in a great measure become, free and uninterrupted. The natural and practical rights of men acknowledge the ownership or monopoly of local property, certainly with great propriety,—for instance, land and houses. It is their interest to do so, in order that their owners may be encouraged to improve and take care of the capital stock invested in that species of property. But to extend the right of monopoly to locomotive industry in general, would imply the retaining of the distaff, and the foregoing of all the advantages which result from the employment of capital in machinery. It must be acknowledged, that scarcely any improvement can be made in machinery without injuring the interests of some class of people for a time. The principles by which the rights and interests of men are adjusted, are so certain in their operation, and so sure of repairing every tem-

porary inconvenience that may arise, as to leave no question about the propriety and justice of giving the freest scope to locomotive industry. The evidence on which this opinion rests coincides so exactly with what has transpired in this country during the last fifty years, as to set the question wholly at rest.

It has frequently occurred in the history of our manufactures, that the abstract annihilation of the labour of one individual has had the effect of setting two men to work in his place, each receiving twice the reward he usually enjoyed, besides a third person acquiring an income, (corresponding to that which one of them at least possessed,) as a remuneration for the use of his capital; and at the same time disposing of the articles produced at one-half, and often at one-fourth of the price. It ought ever to be recollected that fresh desires are generated in proportion as public wealth augments, and always call into use new productions of exquisite workmanship. The multiplication of the fine arts in this country, of mechanical instruments applied to chronological and astronomical purposes, of a variety of articles used for the embellishment and convenience of our dwellings, together with dress, equipage, &c. all tend to show that there is very little to fear from a want of demand for labour, while there are sufficient funds to make it a recompence; and a large surface of those funds is freely exposed to a great body of spend-thrifts.

There is nothing to be dreaded from the introduction of the power loom. In India alone, a population of 100,000,000. requires to be clothed by us, so soon as the cheapness of our cotton manufactures are sufficient to break down their prejudices. In return for this clothing, India has an abundance of productions which we shall demand of her, as soon as we are enabled to effect a free interchange of commodities, by having acquired those greater powers of production to which the power loom directly leads.

Cheapness of production, whether it be acquired by improved mechanical powers, or by a readier mode of accomplishing a particular object, seldom has the effect of diminishing the demand for labour, since cheapness occasions use, and leads to the adoption of more exquisite workmanship, which may even be more expensive than that in use prior to the improvement of machinery. We shall attempt to illustrate this opinion by facts. Fenders are manufactured by the application of from 10 to 40 per cent less labour than they were ten years ago. The formation of the roll alone, which frequently required the labour of from six to ten hours, is

now formed by the single stroke of a powerful pressure, while other branches of their manufacture are accomplished by one-tenth the labour formerly bestowed. But this article being sold at a proportionally lower rate, green fenders are now used where none at all were formerly used, and brass ones are bought by those who formerly laid out their money in green fenders; and so far has this cheapness of production been from injuring the trade, that the people of this country expend at least 50 per cent more money in fenders now than they did prior to this adoption of improved machinery; while capital works so much more extensively than immediate labour, the wages of the one has been converted into the profits of the other, and by this means the owners of capital are in the receipt of a new income for which they advance no personal labour; or, more properly speaking, a portion of the labouring classes have become capitalists instead of labourers, and are empowered to live at their ease, while those who still remain employed as labourers are in greater demand than before the adoption of more powerful machinery. Facts similar to those which have occurred in the manufacture of fenders are exhibited in almost every other article of British production. Even corn and other farm produce, so soon as they can be acquired by the application of more productive labour, raise up a population to consume them, and hence it seldom happens that cheapness of production diminishes the actual demands of the market, while they are frequently multiplied fourfold. Indeed, experience has fully demonstrated that it is futile to whine over improved mechanical powers, since every class of the people are ultimately benefited by their introduction. As well might we whine over the corn-mill, the steam-engine, the spinning jenny, or any other of those contrivances that have cheapened the production of clothing.

SECTION VII.

On the Division of Labour, and the concentration of a large body of Work People, whose labours are carried on in a regular series of combinations with each other.

THE importance of the division of labour is so obvious, and has been so ably described by Dr. Adam Smith and other writers, as scarcely to require any illustration in this place. When Dr. Smith wrote, many of the chief advantages derived from the concentration of industry were not so clearly evinced as at present. The introduction of the steam-engine, more

than any other discovery, led the way to a variety of other mechanical inventions, which were calculated to abridge labour, to improve its divisions, and to work more effectually by the aid of capital. The steam-engine furnishes an elementary power, wherever it can be brought to act under circumstances generally favourable, without being subject to that vicissitude of periodical events which is peculiar to water as an elementary power.

While the spinning of flax was confined to the spinning wheel, the 1538 old women alluded to in a former section, had each of them to turn her own tread mill, and, at the same time, to attend the other operations of the machine. In the new system, the steam-engine supplies the place of the old tread-mill system, and leaves the labourer wholly at liberty to attend to the movements and operations of the machinery employed. The work of drawing out the yarn, after the flax is duly spread upon a board, and of twining it, is wholly performed by the steam-engine.

If the division of labour increase the dexterity and skill of the work people employed in a variety of manual operations, the concentration and combination of these labours produces an advantage of still greater importance. It not only calls in the aid of capital, which, when once realised, works instead of man, but it also engages the elements in his service, and reduces his labour and toil into habits of attention and light movements, rather than of unremitting bodily energy applied in a sitting position.

The working of a loom by a hand weaver, the striking of weft closely together, and the throwing of the shuttle, which are all performed in a sitting position, have been proved by experience to be very prejudicial to health. Indeed, when we consider the repetition of quick movements performed by all the limbs, it is natural to suppose they must occasion a rapid wear and tear of the human frame. The power loom dispenses with all these movements, since they are performed by the power of the steam-engine, which works instead of man, and does away with the old tread-mill system altogether.

Now, should we suppose for a single moment, what is not practically true, that the power loom was actually calculated to produce less income, and furnish fewer individuals with a livelihood; yet, from the ease and general benefits it confers, and the new capital and wealth it occasions, no liberal minded and sensible people would forego its advantages. For, though it might really impair the funds destined to support a particular class of people, when the hand weavers were

wholly gone or converted into labourers at the power loom, it would then be the mere conversion of a body of men, who were worn down by hard bodily labour, into a less numerous population, a part of whom only followed an easy occupation, while the remainder enjoyed an income from the profits of capital that laboured in their stead, and who, probably enough, must have remained at the loom, or followed some other laborious employment. Viewing, however, the excessive introduction of machinery in the worst light, it evidently increases national wealth, though it should produce a less numerous population. Granting, then, for the sake of argument, that it does really reduce population, since the means of supply of food would remain the same, the smaller amount of population would be equally as well provided for as the more numerous.

Prejudice may still cling to its strong holds, and it may be said that population would be thinned by throwing income into fewer hands. For instance, a power loom mill, yielding a clear income of L.2000 a year, if it belongs to a single individual, would convert the incomes of fifty persons, at L.40 a year each, into one. This is true in the first instance. But the income of that individual, when he avails himself of any of those uses to which it can be appropriated, instantly forms itself into new income, and its final subdivision among the people is just as complete as if it had still commenced with hand weavers. In proportion as labour is more carried on by the aid of machinery and capital, the more effectually will the opposite desires of man be reconciled to each other. His means of spending are greater, the cost of the things he may desire are cheaper, while labour and toil are avoided.

The advantages derived from carrying on a great mass of concentrated labour, is perhaps more obvious since the application of the steam-engine to manufactures, as it dispenses with the operation of the tread mill altogether, though an exact view of its effects are equally as perceptible in almost all other branches of industry. The division of labour not only becomes more perfect, but the powers of production are economized, by their being carried on in co-operation, and in the vicinity of each other. The industry of towns, viewed in all its various ramifications, affords a memorable instance of this fact; and, as a topic of inquiry, furnishes of itself sufficient materials for a thick volume.

It is a general rule in political economy, that, whatever economizes the application of capital, has a tendency to cause its accumulation, owing to its increased ability of superseding

the use of bodily labour. More ample farm buildings, better horses, and more effectual implements of husbandry, can be afforded on arable farms, from 100 to 600 acres in extent, than on farms from two to ten acres each, which is evidently occasioned by the more economical application of capital. Nor is it less important, that many of the operations connected with a farm should be carried into effect by a number of persons co-operating with each other.

But the most important effect resulting from large, when compared with small farms, is that of cultivating the ground more effectually and more profitably with fewer hands, in consequence of which the number of resident inhabitants, employed in the cultivation of the soil, are much diminished. Suppose 500 acres of land were divided into farms consisting of five acres each, we should have an agricultural population upon it, amounting to about 500 persons; whereas, were the whole extent of that land occupied by a single tenant, the resident agricultural population, including the families of the servants employed, could not be computed at more than fifty persons.

Experience shows that such a comparative thinning of the agricultural population of a country does not diminish the actual amount of its whole population. The extent of the occupations of land in England, compared with those prevalent in most parts of Ireland, furnishes a case precisely corresponding with that in question; and proves that, like the conversion of the 1538 old women, employed at their tread mills, into a body of rich capitalists and well-paid work people, the 450 persons would not be annihilated, but doubled, by being employed in some other manner; and establishes, beyond all doubt, that the co-operation of labour, effected by the concentration of individual capitals, duly proportioned to the various objects to be attained, may of itself be sufficient to determine the wealth or poverty of a country.

National wealth, in a country like England, is a superstructure reared upon the basis of subsistence, of which the produce of the soil is the main source. Wherever few hands are able to raise that produce in great abundance, it leaves a great proportion of the inhabitants at liberty to pursue other objects of industry, and to carry on manufactures, foreign commerce, and colonization. If a farm of 500 acres can be well cultivated by fifty inhabitants; and, if the same 500 acres, divided into farms of five acres each, found employment for all the labour produced by 500 inhabitants; the 500 acres, in a single farm, would supply manufactures and com-

merce with the labour arising from 450 persons, before the 500 five-acre farms could afford any contribution at all.

It must be allowed that this is putting the question into an exaggerated form, since the labours of the fifty inhabitants, applied to the cultivation of a farm of 500 acres, would be wholly employed in farming operation; whereas 500 inhabitants, living on 100 five-acre farms, would supply themselves almost wholly with home manufactures, besides exporting a small portion of rude manufactures to a distance.

When we take a more exact view of the real circumstances arising from the occupancies of large and small farms, we shall find those combinations which are productive of national wealth wholly subverted in the one case, and completely formed in the other. The country, divided into small farms, can never collect her industry into masses; she can, therefore, neither work through the medium of capital, and the concentrated combinations of labour, nor partake of the advantages resulting from a perfect division of labour, and must continue in the old tread mill system to the end of time; while, on the contrary, in a country occupied in large farms, all those combinations which constitute the substance of wealth, are ready to take effect the moment that knowledge unlocks her stores.

The same train of reasoning and events which applies to the British system of manufactures, so distinctly exhibited in her various applications of machinery, may be aptly compared with the effects, resulting from large and small farms. In the commencement of employment, out of 500 inhabitants, in the large farm system, we find a deficiency of 450 persons. What, however, is the final result? Instead of being limited to fifty persons, we shall find a superstructure of 1000 inhabitants, and in possession of immense wealth, resting upon the solid basis of industry properly concentrated.

From the fact that small farms prevail in Ireland, and large ones in England, which is the more populous, it appears that labour, applied to the various operations of a farm, is economised by the united co-operation of several individuals, that the effective powers of each are thereby materially raised, and improved modes and schemes of production profitably acted upon. The small farmer cannot afford to select the best varieties of breeding stock, and is precluded altogether from the use of seed drills, the winnowing machine, and the thrashing mill; while, of many descriptions of farming implements, he has ten times a greater number in proportion to his land than the large farmer.

Some people have argued that the thrashing mill is detrimental to the demand for labour. It is true that, on its first introduction, because it works principally through the medium of capital, it will create funds and employment in a new direction, and diminish the demand for those who formerly thrashed by the flail. But, as the profitable application of new capital to the cultivation of land seldom fails to produce greater powers of production, it can soon more than compensate for the loss of the employment of the thrasher by occasioning more intense cultivation.

By way of illustration, we shall take as an example 500 acres of rich grazing land, which cannot be profitably tilled in a given state of natural and artificial produce, owing to the former leaving annually a greater amount of profit than the latter. But the owner of the farm, perceiving that he has the command of a water-power, at a trifling expense erects a thrashing mill, according to the following estimates. The thrashing of the corn which his farm would produce in a regular state of convertible husbandry would cost L.80 annually were it done by the flail, and would injure it L.10 more than the thrashing mill, while the inconvenience and loss occasioned by his not being able to take advantage of markets, may be calculated at L.10 more. These expenses and disadvantages, to the amount of L.100 a year, leave a clear balance of L.30 a year in favour of the grazing farm.

He finds that an excellent thrashing mill can be put in motion for L.200, for which he charges L.20 a year. As the thrashing of corn by the mill can be done by his servants at vacant intervals, he charges only L.10 a year for their labour and attention to the mill. This sum leaves a balance of L.40 a year in favour of tillage; and, upon these estimates, he places his farm in a regular system of convertible husbandry. In such a case the thrashing mill would not only produce to its owner a new income of L.60 a year, but would multiply at least tenfold the demand for labour, and would more than double the value of the marketable produce, and quadruple the supply of human nutriment.

The causes and circumstances which have divided England into large farms, and Ireland into small ones, though in some measure accidental, arise from events which merit our closest investigation.

SECTION VIII.

On the Adaptation of Great Britain to carry on Extensive Commerce and Manufactures, the Effects these have produced upon her, and their general influence on National Wealth.

WE have just seen how much national wealth depends upon the division of labour, upon its being carried on co-operatively, and by resorting to the aid of mechanical powers, more especially when those powers are moved by water or steam. Solitary labour, employed to satiate the personal desires of those who use the produce of it themselves, is extremely inimical to the formation of wealth; and since commerce, necessarily leading to its proper division and co-operation, is the main cause of the augmentation of the powers of production, it necessarily follows that those powers become more efficient according as they assume a wider range of action.

While nations are just emerging from a state of barbarism, commerce cannot extend its influence to a distance, nor collect the scattered efforts of solitary industry; and the interchange of one commodity for another is necessarily limited within a very narrow circle. In such a state it cannot be expected to lay aside the tread-mill system, and resort either to water or steam as a moving power. For it is the natural result of all local or home trade to distribute the productions of industry into small shares, and is therefore opposed to the collection of labour into large concentrated masses, such as the cotton manufactories of Manchester, and the globe-works of Sheffield. Even in Great Britain, at the commencement of the eighteenth century, the spinning wheel was an appendage to almost every dwelling-house in the kingdom, the weaver was a person in the immediate neighbourhood; and the whole of the processes of production were carried on almost without the intervention of capital, owing to a continual inclination in the home trade to cause the immediate distribution of commodities among customers; and, therefore, the home trade, of itself, never collects together large masses of manufactures and merchandise; on the contrary, it has a constant tendency to distribute them over a large surface, and leaves private families to provide their own machinery and implements of industry.

Foreign commerce is materially different from the home trade in this respect, since it necessarily collects manufactures

into large stores previous to their being exported abroad; and, of course, occasions a more complete division of labour—draws work people into co-operative bodies—breaks up the tread-mill system, and lays a foundation for the investment of capital. Having made this collection of the scattered efforts of manufacturing industry, productions are cheapened, and this cheapness at length draws the home supply to the same channels, augments the demand, and causes them eventually to confer mutual benefits upon each other, by rendering the division of labour, and its co-operative processes more complete. Prior to the discovery of the Western World, and of a marine passage to India, the manufactures of Europe were in a great measure conducted upon the principles of solitary labour, and scattered over an extensive surface, since there was no powerfully operating cause to collect their productive powers into large co-operative bodies, and thereby lay the foundation of that wealth and capital which we now find invested in machinery, stores of goods, and other requisites of productions which belong to a highly prosperous country like Great Britain. For these reasons, we believe that the important geographical discoveries above alluded to effected an immense change in the wealth, the character, and the industry of the British empire, and, it may be added, of the world at large. On these discoveries being made known, Spain, France, Great Britain, &c. sent out extensive colonies to America and to the West Indies, each, in a great measure, reserving to itself the right of commercial intercourse.

The colonies which fell to the lot of Spain were distant, and rich in mines of gold and silver. At home, she had the natural means of producing in abundance most of the luxuries and delicacies of life, which gratify the palate, and in time become a sort of habitual necessities: hence, she directed her chief attention to the working of the mines, to the bringing home of the precious metals, and the sending back in return, such articles of manufactures and merchandise as the colonists demand from Europe. But the greater part of the produce of the mines was either brought home by those who had speculated in them, or paid into the public exchequer, being the government's share of the produce. This gave to Spain, in the first instance, a large amount of clear gain. The government partly filled its coffers without resorting to taxes upon the people, and the adventurer returned in possession of a large amount of the precious metals. The foreign colonies of Spain, pouring into her annually a large amount of silver and gold, gave her a superabundance of these metals, cheapened their value, and, being the univer-

sal instruments of exchange, raised the price of labour to an unnatural level when compared with other European states, and thereby disabled her from carrying on foreign commerce with her neighbours; and every attempt, therefore, to secure commerce, silver, and gold, for herself, was wholly unavailing. Hence the colonial system of Spain, owing to a train of events which shut her out of foreign markets, produced very little if any excitement upon her habits of industry. Her manufacturing industry, like that of England, was neither concentrated, nor her capital drawn into large and active masses; and, as a natural consequence, entailed upon Spain a long continued period of poverty and political weakness.

France was rather more fortunate; but, in consequence of her possessing a climate at home highly favourable to the production of many of the luxuries of life, and not having an extensive line of sea coast, navigable rivers, and canals, to take off the industry of the interior to foreign countries, or to introduce their produce in return, she could only reap a secondary order of benefits from colonization.

England alone received the full advantages of colonization. Her insular situation gave her a long line of sea coast, which alike presented itself to the New World on the west, and the most wealthy nations of Europe on the east and on the south. The river Thames, the Severn, the Mersey, and the Humber, carried navigation into the most extensive districts of the country. Though Nature had scarcely presented her with a single luxury, yet she had blessed her with what was of infinitely greater importance, a soil admirably fitted for the cultivation of corn and the rearing of cattle. If her climate was not warm enough to ripen grapes, it was the better fitted to carry on useful industry. In the bowels of the earth she had coal, iron, tin, copper, lead, salt, &c. while her numerous flocks of sheep yielded her wool, and her forests timber for ships. She had, therefore, much which her industry could offer in exchange for such luxuries and raw materials of manufacture as she was entirely destitute of. In truth, nature had fitted her for a great work-shop, which possessed every natural convenience, but had been remarkably sparing in giving her those luxuries which a wealthy people desire to use, and which she had to purchase by the interchange of her productions with almost every nation on the face of the earth.

The first effects of colonization upon Great Britain were necessarily too slow and gradual to be much noticed at the time, and its importance duly appreciated in a political point of view. To draw together manufactures scattered over a

whole country—to invest a capital in building and machinery—to invent and apply new powers of movement, like the steam-engine—intricate machines, like the spinning jenny and the power loom—and to collect all these together into large towns, which in some instances were scarcely in being, was necessarily the work of time and of persevering industry. Nothing could be expected in the 17th century, except the marking out of an extensive outline, of which neither sanguine hopes nor a brilliant imagination could at that period form a just conception. But the grand exciting cause had begun to operate. New desires had been formed at home; and sugar, coffee, cotton, dye-goods, rum, &c. had been prepared for our use. These were purchased of the colonists, in exchange for such articles of merchandise as the latter had neither climate, capital, nor the means to produce. The excitement to produce, the desire to consume, and the means of consuming, had taken firm hold both at home and abroad; and the foundation of an interchange, which had a natural tendency gradually to augment itself, was securely formed. At a juncture highly favourable to the advancement of commerce and colonization, the steam-engine, and other mechanical helps, assumed that efficient form which still continues to excite the astonishment of the world. Foreign commerce having collected our manufactures into combined masses, and pressed a powerful element into the service of industry, capable of being called into action wherever circumstances were favourable, prepared the way for those brilliant discoveries in mechanics, of the benefits of which Great Britain has availed herself so extensively. The new desires we have acquired, and the full means of gratifying those desires, have created an exciting cause for industry, to which our most daring conceptions can assign no bounds.

Even though the principles of the home trade, in a great measure, rest upon a direct distribution of merchandise, yet the steam-engine, and other mechanical discoveries, have collected it into masses of capital no less important, nay infinitely more so, than those which are now peculiar to foreign commerce. A new order of capitalists has sprung up in the place of rural manufactures, the spinning wheel, and the village weaver, and pure country affairs are now strictly limited to the unremitting and careful cultivation of the soil.

The basis of capital has, however, been materially enlarged. The merchant brings home the raw materials of manufactures—the manufacturer advances a capital in machinery and other stock—his productions are sold to a general trader; whose business it is to collect manufactured articles into large

and assorted masses, in order that they may be ultimately distributed among consumers at a cheap rate—next comes the retail dealer, who must have an assortment of goods to suit his customers, and in such quantities as they demand. All these, or the people of whom these capitals are borrowed, enjoy extensive incomes that are brought in for the use of capital, and for which they advance no immediate labour, from its being advanced beforehand; and who have sprung up in the place of that village industry which brought in no income but what arose from incessant labour and toil. Notwithstanding the great amount of income from profits enjoyed by the merchant, the manufacturer, the general trader, and the retail dealer, even the village consumer himself can frequently buy his manufactures 40, 60, or even 80 per cent cheaper than in former times.

As a striking proof of the tendency of manufactures to form themselves into large congregated masses, an eminent manufacturer belonging to Sheffield lately (1824) engaged an artisan to go to that town, who had been employed in Edinburgh for some time back. The gentleman who had so engaged him, put this apt question to him, "How long does it take you to make such an article?" directing his attention to a specimen of manufacture then before them? "Three weeks," was the reply. "When you come to Sheffield," said his employer, "you shall see the same work done by six men in two hours." Here we have three very important facts illustrated: First, The congregating of manufactures into large establishments lays the foundation of co-operative industry, and of a just division of labour; secondly, When a great mass of industry is brought to act co-operatively, capital supplants hand-labour, brings in an income without labour, and converts the labouring classes into capitalists; thirdly, Cheap production reduces the price, entices people to buy, and occasions a consumption which dearth might have precluded altogether. It is evident that every one of these three circumstances would occur, if we compare the relative means of manufacturing the article already mentioned in Edinburgh and in Sheffield; and the case is, as might be expected, nearly the whole of the article above alluded to, which is used in Edinburgh, comes either from Sheffield or Birmingham. Perhaps the Globe-works of the former of these towns are one of the happiest conceptions ever devised, and admirably calculated to perpetuate the prosperity of its manufactures. But, to return to the more immediate effects arising out of foreign commerce, and the home trade it generates.

To appreciate the influence of foreign commerce and colonization as it deserves, and trace the various bearings of its action and reaction at home and abroad, more particularly with regard to what has transpired in the commercial affairs of Great Britain, embraces a train of operations and consequences so varied, so intricate and extensive, that the author of these pages is free to acknowledge his inability to do justice to the subject. The capital required to carry on production in the colonies, in all their various forms and ramifications,—to conduct the marine transit of commodities both to and from foreign countries—to collect the raw materials of manufacture, and prepare the articles required to be exported—and to distribute the imported produce among consumers at home, was almost wholly advanced by the mother country, and was produced by the gradually accumulative principles of capital, when placed within the influence of a train of strongly excited causes; which, in the case of Great Britain, were attended with a very powerful state of action and reaction. Nor need we be surprised that the British nation should spread its capital and language so extensively abroad when urged on by so efficacious a train of events. At home she had the best workshop in the world; and, as the means of gratifying a number of new desires were acquired, the productive industry of that workshop was more extensively interchanged. Nor does there appear to be any known limits to so complete an accumulative process of national wealth, while foreigners can supply us with additional produce, and our workshops can be more extensively and efficiently fitted up. One hundred millions of inhabitants, £500,000,000 a year public revenue, and a corresponding national income, can by no means be considered as the assignable limits of the process here attempted to be unfolded. The manner in which this process has been hitherto carried on must next be considered.

It depended upon a few great requisites; the chief of which were, the application of machinery to manufactures; an elementary power to propel that machinery, together with all the conveniences of industry; and a circulating medium calculated to facilitate and simplify all the affairs of the interchange of commodities, and those various credits which co-operative industry requires. In the early part of the reign of George III. the spinning jenny, the steam-engine, and the bank note, had attained that union of interests so essential to the future prosperity of British agriculture, manufactures, and commerce; and from that period the gradual development of the accumulative powers of capital and co-operative

industry may be distinctly traced, being marked out by an increase of population, by the general prosperity of the country, by the augmented amount of the public revenues, and of the imports and exports.

Nature has favoured the united kingdom with great facilities of water carriage. The new circumstances that arose out of foreign commerce and colonization, and the new events that have occurred, led the way to the adoption of inland navigation, to an extraordinary increase and improvement of the public roads, and to the formation of rail-ways, to an extent which the most sanguine calculator never once thought of. The favours bestowed by nature have therefore been so improved by art, in a multiplicity of ways, as to prepare, not only for the converting of Great Britain into the manufacturing workshop of the world, but for tripling the population of that world wherever her influence can be brought to a natural state of reciprocal interchange between nation and nation.

The population of the island of Jamaica, and its insular capital and prosperity, have been the result of their commercial connexion with the united kingdom of Great Britain. She employs a portion of our spare capital; we serve her with such manufactured articles as she stands in need of; and in return we receive from her a variety of productions that gratify our acquired desires, and can nowhere else be so cheaply procured. When we shall demand from her twice the amount of colonial produce we now consume, she will then demand of us twice the amount of manufactures and capital with which she is now supplied, so long as she is able to send us an increased quantity of produce in return for the various articles of trade we shall transmit to her. The principles on which this reciprocity of interchange depends are so obvious as scarcely to require any further illustration. When we shall no longer have an increased desire to consume the productions of foreign countries, purchased with the proceeds of home industry, we shall then have attained the summit of our national greatness, but not till then; unless we should have either the folly or the dishonesty violently to possess ourselves of foreign wealth, for which we offered no valuable consideration in exchange; or to neglect the true interests and judicious government of our colonies, always wisely directing our future policy by a cautious and liberal attention to past experience.

It has been already computed that one hundred farms, of five acres each, might find employment for the industry of 500 inhabitants, who chiefly supplied themselves with home

manufactures; and that a farm of 500 acres might absorb the labours furnished by only fifty persons that were solely employed in agriculture, and who purchased their manufactures from the inhabitants of towns. The national superstructure raised upon large and small farms would therefore appear to be materially different. The latter has an immense population applicable to manufactures, and to foreign and domestic trade; and, if they can find employment in those branches of industry, will naturally enjoy a great amount of income, derived from the profits of the capital employed, leaving the remainder of the labouring classes to be supported by the wages of labour, arising from an immense expenditure, acting and reacting upon the basis of capital, and the annual income derived from it.

On the contrary, small farms absorb all the channels of extensive interchange, preclude the possibility of a correct division of labour, and of its working in a co-operative manner, and of acquiring the means of purchasing foreign luxuries. That excitement to industry which is constantly stimulated by the introduction of those luxuries, and the interchange of commodities they occasion, can therefore scarcely exist at all, since there is a total want of those productive powers, particularly of a co-operative description, which chiefly originate from foreign commerce.

The peculiar excellence of the co-operative system of industry consists in its superseding the place of labour by employing capital in its stead, and by that means an income is brought in without resorting to direct labour; it also gives the greatest powers of production to each individual labourer, and thereby occasions the most perfect cultivation of the soil, by exciting the efficient powers of industry, and causing it to be carried to the highest pitch. Its institutes are in truth built upon a paradox, since it sets out with proposing to employ few labourers in agriculture, manufactures, and commerce; and moreover, proposes to accomplish this end, by setting as many people free from labour as possible, and by employing the greatest number of those who gain a livelihood by labour in supplying artificial and acquired desires. If we resort to the arguments deduced from farms of 500 acres, and five acres each, it might, in the outset, be supposed, that the large farm system would throw one half of the people out of employment, and reduce the nation to a state of beggary. Without resorting to any abstract modes of reasoning, the actual circumstances of England and Ireland prove that the large farm system, when excited by the influence of foreign commerce, instead of leaving 250 persons

out of every 500 inhabitants destitute of the means of gaining a livelihood, creates an ample livelihood for 1000 persons instead of 500, a considerable portion of whom possess extensive incomes, without resorting to labour at all. The essential difference of the two systems is this; the one works through the medium of capital and co-operative labour, while the other employs its powers in solitary labour and universal toil. Notwithstanding this argument, prejudice might still cling to its strong holds, were it not opposed by the most direct and positive facts, illustrated by the actual condition of England and Ireland.

By giving encouragement to foreign commerce, and the introduction of foreign luxuries, it is proposed to contrast the proportionate numbers of the labouring classes employed in agricultural pursuits as much as possible; or, in other words, to raise the greatest quantity of produce from the soil, to accomplish that object by the fewest hands, and give to each individual person the most effectual powers of production. In proportion as the productive powers of each person are more efficient, production can be more and more increased, because a labourer can raise additional produce equal to his own maintenance, and make a due allowance of profits to the capitalist who sets him to work, where an inferior labourer, possessing less power from the absence of capital, industry, and skill, might be totally unable to support himself and remunerate the capitalist, from the additional produce brought to market by his industry. For unless he can do this, his labours would prove unprofitable, and no one could afford to set him to work, owing to the insufficiency of what he could produce.

Population and national wealth will, therefore, naturally rise to a higher pitch, where trade, manufactures, and a great expenditure from profits are continually drawing away the surplus hands which agriculture can dispense with, and throwing small farms into large ones; since, in consequence of the powers of production being more highly excited, they become more efficient in proportion as labourers are otherwise employed. That it is quite impossible to injure agriculture by drawing its hands to other employments is very evident; for were it really so, production would soon cease to be sufficiently abundant, and, by the natural effects of scarcity, speedily recall a sufficient number of hands to supply the provisions required. There is no pursuit which has less cause than agriculture to dread a want of hands, while it has every thing to fear from having too many, when circumstances are unfavourable to manufactures and commerce.

SECTION IX.

The principle of the accumulation of Wealth, illustrated by an Inquiry into those causes which have contributed to divide England into large Farms, and Ireland into small ones.

A NUMBER of circumstances have contributed to prevent a division of the large farms of England into small ones, and to divide the small farms of Ireland into patches still more limited. Had the former divided her farms into such small portions of land as those of the latter, the consequences which arise out of poor laws would long ago have devoted the whole of the rent of land to the maintenance of pauperism. The introduction of middlemen into Ireland, whose chief policy is immediate gain, and who have no cares about the future maintenance of the labouring classes, has contributed very much to multiply farms so long as any additional rent could be procured, and thereby to entail upon Ireland interminable poverty, by subverting those causes which lead to the division and co-operation of labour, and the consequent accumulation of capital, and of the augmentation of income derived from profits. (Note C.)

We must, however, search into principles more deeply laid, before the chief cause can be ascertained. All nations have a sufficient disposition to purchase a number of foreign productions, when they are possessed of the means of purchasing. These means depend upon being able to sell at a cheap rate; and the ability to do so depends upon producing marketable articles by the application of the least labour. Ireland, like England, would have no objection to consume an amazing amount of foreign luxuries and other produce, if she possessed equal means of offering the products of her industry in exchange for them. Placed in a position even more advantageous than England, with respect to soil, climate, and navigation, she is more in want of coal, iron, tin, and other requisites for a convenient manufacturing workshop, which is one cause why she is superseded by England in acquiring the ability to purchase the natural productions of foreign countries in exchange for her own manufactures; at least she has this ability in a very trifling degree only. Ireland has as free access to the colonies of the united kingdom as England herself; but she is just as unable to supply those colonies with the products of skilled industry, which depend upon the division

and co-operation of labour, as the purely agricultural districts of England are. Nature has not furnished Ireland with all the conveniences of a good workshop; and in consequence of this they have insufficient means of offering the productions of art, in exchange for the natural produce of foreigners. While one pound of coffee is annually consumed on an average by each inhabitant in Great Britain, only half an ounce is consumed annually by each inhabitant in Ireland; and every person in the former country consumes twenty-two pounds of sugar in a year; while in the latter, only three pounds are consumed annually by each individual. The main cause of this difference in the consumption of colonial produce by the people of Great Britain and Ireland, may be in a great measure attributed to the reasons already stated.

The people of Ireland have however the ability of purchasing foreign luxuries by indirect means. The English manufacturer wants provisions, and having exchanged manufactures for colonial produce, through the medium of the merchant, he is enabled, in the same way, to purchase provisions from Ireland in exchange for colonial produce. In a similar manner, the English farmer disposes of the produce of his farm to the manufacturer and merchant, who furnish him with manufactures and foreign merchandise. Every one must be enabled to sell before he can command the means of purchase. But he who cannot afford his merchandise so cheap as the selling price of his competitors, is disqualified from converting the produce of his industry into the means of gaining a livelihood. Thus, Ireland is no competitor with England in manufactures; since, in consequence of the scarcity of coal, she is not an equally convenient workshop, and cannot dispose of her manufactures so cheap as England, and at the same time gain a livelihood, and remunerate those capitalists who set her labouring classes to work. She is therefore under the necessity of converting the produce of the soil, which she can raise in great abundance, into the colonial produce she consumes, instead of receiving it in exchange for manufactures. But the British legislature, at a time when the relations of wealth were assuming a settled form in Ireland, very injudiciously restricted the farm produce of the sister kingdom from a free admission into the markets of England and Scotland. The narrow views that dictated this policy, were in direct opposition to just principles of political economy, to national intercommunity, and that freedom of trade which is favourable to industry and the formation of public wealth. Though the greedy spirit of the landed interests in England obtained this preference in their own mar-

kets for the produce of the soil, yet they reaped no advantage from this cause, because population, manufactures, navigation, and commerce naturally shrunk back from their greedy grasp, and presented a shadow in the place of the substantial benefits which they contemplated.

The consequences, however, to Ireland were ominous. With a superfluity of the produce of the soil thrown upon her markets, and an inability to convert a considerable portion of her industry into foreign productions, she naturally broke down the size of her farms, destroyed all the principles of co-operative labour, and the accumulation of capital, and organized that system of small farms, which produced a dense population without industry, the characteristic feature of that unhappy country.

Had free trade been constantly maintained between the two kingdoms, the principles which naturally adjust population to the efficient demand for labour, and regulate the numbers of the people to the means of gaining a comfortable livelihood, would have operated, and placed Ireland in a state similar to the agricultural districts of Great Britain. The former, indeed, might have been somewhat less populous, but would have been more wealthy and prosperous, and infinitely more happy, intelligent, and humanized.

In proportion as foreign commerce had carried its invigorating influence from her shores into the interior of the country, canals and public roads would have facilitated the means of intercourse, called into being larger towns and more capital, thinned the agricultural population, and increased the size of her farms. The British legislature has certainly in a great measure unfettered the trade of Ireland; and her domestic economy has partly assumed the attitude here depicted. But the evils originating from a pernicious distribution of her industry have taken too firm hold to be suddenly and efficaciously rooted out. A more liberal policy has, however, commenced, and capital is necessarily created by the collection of merchandise for exportation, and by the corresponding importation to which exportation gives rise in all the various forms incidental to the distribution of foreign merchandise.

Viewed nationally, they who can find a foreign market for their productions possess the means of receiving foreign commodities in return; and, having the means, they can seldom or never fail to be exercised. It is thus that merchandise occasions merchandise. A great amount of commodities collected from every part of Ireland, and again distributed in new forms, has a necessary tendency to convert the small

farmers into intelligent and active capitalists, under the various denominations of large farmers, manufacturers, general traders, shopkeepers, innkeepers, owners of buildings, &c. &c. Again, a large body of rich capitalists, when once formed, acquire a multiplicity of new desires which mutually promote the interests of each other, and convert a very considerable portion of the small farmers into mechanics, day labourers, and menial servants. It is, however, but too true that circumstances so inimical to public wealth as the introduction of middlemen and small farms can only be eradicated by slow gradations, or by a wise and liberal expenditure of capital in such public works as are calculated to promote commerce, and the organization of an extensive home trade, which is the natural result of importing and of distributing among the people the elegances and luxuries of foreign countries. An attentive inquiry into the state of Ireland, however, clearly proves that a corrective system is making a steady progress, and that an era of splendour and national happiness awaits the sister kingdom at no remote period. The surest method to enforce large farms, and cause a division and co-operation of labour, is to promote cheap means of intercourse between one part of the country and another, by the extension of public roads, rail-ways, and inland navigation. These, when added to free trade, give encouragement to foreign commerce, collect, import, and export merchandise in large masses, cause a demand for capital, and its consequent accumulation, draw the inhabitants of the country more into towns, create a better market for the produce of the soil, gradually introduce habits of cleanliness and comfort, and ultimately convert a country of rags into the land of broad cloth. Perhaps some of my readers may smile at the idea. What has occurred in London and Edinburgh furnishes an unanswerable reply. Nor are its good effects less striking. The foundation of the interchange of commodities is laid, since selling creates the means of buying, and income arising from the profits of capital is augmented; the purlieus of Saint Giles's are changed into the magnificence of Regent Street in London; and the labyrinth of the wynds in Edinburgh into a new town of palaces.

CHAPTER IX.

ON THE BALANCE OF TRADE.

WHEN rightly stated, the balance of trade is easily comprehended, since it is nothing more than the exchange of articles of merchandise for each other, the discharge of monied engagements or imposts, a consideration advanced by way of loan, or the investment of capital abroad, the transmission of annual income to foreign countries, or a donation, in some of these ways that are paid for, by the transmission of articles of merchandise. A nation that attempts to dispose of its productions in foreign countries for bullion only, which may be strictly considered as an article of merchandise, as well as the instrument of universal exchange, will naturally cause the precious metals to become excessively plentiful at home, occasion a rise in the price of commodities in general, and disable its merchants from meeting the merchants of other countries when brought into competition in a free market. The cause of this inability is obvious. Having, by a restrictive system, obtained an unnatural share of the precious metals in circulation as universal money, prices at home are elevated above the relative level they bear when compared with the productive powers of individual industry in other countries. The selfish principle of amassing the precious metals has therefore a strong tendency to correct itself, by preventing those who would sell all and buy nothing from being able to sell at the cheapest rate, owing to the excessively high price of the wages of labour which have entered into the component parts of production. Accordingly, we find that Spain, pursuing the greedy policy of amassing gold and silver, and acquiring, as she vainly imagined, the real substance of national wealth, debarred her manufacturers and merchants from being able to sell at a comparatively low rate. The greedy notion of maintaining a favourable balance of trade, which may be viewed as a species of unaccountable infatuation, must be uniformly destructive to every nation which pursues so absurd a line of policy; and it is scarcely credible that sensible men should have ever been guided by councils so very inimical to national prosperity.

1st, The principles of the balance of trade, therefore, chiefly resolve themselves into a disposition to purchase foreign merchandise, of which bullion forms a part, to an amount corresponding with the sales actually made.

2dly, The sales of merchandise abroad may be converted into investments of capital in foreign countries.

3dly, They may be converted into the annual expenditure of absentees, who draw either annual income or property from home to spend abroad; or the sale of commodities may go to the payment of foreigners who possess investments of capital in other countries.

4thly, The sales of merchandise may be converted into the foreign expenditure of government.

5thly, Merchandise may go to make subsidies to foreigners.

It may be inferred from these principles, that every regulation which opens the way to the importation of foreign commodities, has a natural inclination to cause the sale of commodities in foreign countries to an equal amount; and the investment or expenditure of capital or income abroad is naturally made good by the sale of merchandise in some form or other, though the channels through which it passes may be incredibly circuitous.

As a workshop, England is unrivalled, whether we view her natural productions, her civil institutions, her climate, insular station, or the capital she possesses, and the industry of her people. Under such circumstances, the more liberally she purchases the raw materials of manufacture, the produce of the soil, and the luxuries of life from foreign countries, she will have a corresponding tendency to force the sale of her manufactures, her merchandise, and her natural productions, unless their introduction into foreign states were interdicted. But such prohibition might by no means stop a species of indirect traffic, unless it applied to all countries; in which case, the sales of the prohibitory state would be superseded by those countries which had similar productions to dispose of, and allowed trade to find its natural level.

It is even no rule to say that the balance of trade, with a particular country, is wholly against us. The bullion with which we purchase our teas from the Chinese, is by no means drawn from the circulating medium at home, but is purchased by the sale of merchandise to foreigners. And though every other nation purchased tea from the Chinese in the same way, it would have no other effect than that of causing the precious metals to rise in value in their command over other things, and occasion a more extensive working of the

mines. The chief effect therefore would be, that the Chinese mines, if they had any, would be less carefully worked, and they would export less tea than they would have done had they disposed of it in exchange for general merchandise, owing to the scarcity of the precious metals they produced in other countries, and the dearness of tea at home.

But how is the wisdom of the Chinese displayed in this accumulation of the precious metals? Their chief advantage resolves itself into the diminishing of that value which is chiefly conventional; for were these metals as cheap as iron, no real advantage would thereby accrue to them. Most probably, in truth, the precious metals annually imported into China do little more than supply their annual wear and tear, and some secret drain of their continental neighbours.

Into whatever form we throw the question of the balance of trade, we shall almost uniformly discover the impolicy of attempting to gain by it. The prohibitory statutes which formerly restricted the free importation of the farm produce of Ireland into Great Britain, had no good effect, while they laid the foundation of the most serious evils. They narrowed the natural prosperity of the latter, and plunged the former into a state of almost interminable misery.

Ireland has very limited means for carrying on a direct interchange of productions with our West Indian colonies. We have the most abundant means; and also equally ample means for carrying on a direct trade with Ireland. The balance of trade between the three countries will therefore stand thus; Ireland will pay the West Indies for the colonial produce she uses by the remittance of money obtained from Great Britain, and our West Indian colonies are chiefly managed by British capital. Great Britain, therefore, is the channel through which the trade between Ireland and the West Indies flows. Should she exclude the productions of Ireland from entering her markets, she would at the same time contract the sale of her manufactures in both, diminish her annual income derived from them, and thus injure her own interests in three separate ways at once. But in a state of free trade between all the three, in proportion as each buys it will force sales; and thus divert her industry into new channels, cause a more efficient demand for labour and capital, and augment her actual income and public wealth. So far a favourable balance of trade is altogether an ideal theory, since it resolves itself into the plain proposition, that the commodities sold are exactly balanced by those purchased.

If we, however, carry our inquiries somewhat farther, we shall find that every wealthy country, which has accumulated a great mass of capital by a long series of economy and industry, will exhibit a low rate of profits, and a strong disposition to invest the capital in those newly discovered countries where it is scarce and profits excessively high. This investment is necessarily made by a balance of trade, which is advantageous to both countries. As an instance, the balance of trade between Great Britain and Van Diemen's Land is greatly in favour of the former. She sends out commodities to pay for the investments of capital made in the latter country, which are almost wholly unbalanced by purchasers. Both countries are greatly benefited by this favourable balance to the one, if so it may be called, and unfavourable balance to the other. Great Britain has her advantage in creating a demand for labour at home, which goes to supply the capital transmitted abroad, in extending the basis of her capital, and in eventually causing an augmentation of her income. Were foreign capital not transmitted to Van Diemen's land, her forests might remain uncut, her morasses undrained, and her soil uncultivated for ages to come. But the power of foreign capital, in this instance, nearly transmitted from the extremities of the earth, produces the first germ of wealth, which expands and is nurtured by the parent which gave it birth, until at length a mutual interchange of commodities is effected equally beneficial both to the parent state and its offspring.

If, then, it has been long customary for Great Britain, France, and other European states, to exhibit a favourable balance of trade, that balance has been occasioned by the investments of capital in Asia, Africa, and America. These investments, it is obvious, have been made, not by taking away the capital at home, for it is augmented in proportion as exportation increases, but by the application of greater industry, a more extensive co-operation of labour, and an increase of capital.

Speaking politically, the United States of America may still be considered as a new country, very far from having accumulated capital sufficient to carry cultivation and population to a tolerable extent. Great Britain, possessing an abundance of it, has advanced a considerable portion of the capital by which the Western States have of late been partly brought under cultivation, to the benefit of the United States, for they cannot afford to make the whole of these improvements, as well as to the advantage of Great Britain, since it finds employment for the surplus of her labouring classes and capital

at home. When, however, we consider the balance of trade, Great Britain has one in favour of exports, and America in favour of imports; and yet these balances, though of an opposite character, are mutually advantageous to both countries.

The class of people, however, who emigrate from Great Britain to the Western States of America, are chiefly farmers. They take their capital in money, with which American labour and farming stock are purchased. The actual merchandise or capital which these people convert into the cultivation of land abroad, is British manufactures; and, therefore, the policy of America in laying high countervailing duties upon these manufactures, operates as a direct check upon their foreign commerce and the accumulation of their national wealth. The American government does not appear at all to apprehend that the more they buy the more they will sell, because, whatever forces commodities into a country, has a tendency to force an equal quantity of commodities out of it, unless the importations are made with a view of removing capital from one country to another, or to make good an expenditure which either the public or individuals have made in a foreign land.

Suppose our West Indian colonies were to manufacture all their own clothing, and furnish all the stores they now purchase, other nations could not afford to buy the surplus of their productions; and, as a natural consequence, such a monopoly would bring a total ruin upon themselves, because they naturally force sales in proportion as they buy.

If the investment of capital made by Great Britain into new colonies that are in want of it, such as Van Diemen's land now is, and what the western world formerly was, be advanced in the form of manufactures, they occasion an improved co-operation and division of labour at home, by drawing these into larger masses than the purely home trade is favourable to; the foreign expenditure of government is conducted after a similar manner; so that the expenses of the various civil and military establishments, formed by the British government in every quarter of the world, are chiefly paid for by the exportation of manufactures.

Again, the absentees of England, who reside abroad, force the exportation of British merchandise to an amount equal to their annual expenditure. Though it would certainly be more advantageous to the country were these people to spend their incomes at home; yet at a time when we have in effect closed our ports against the introduction of foreign farm produce, and have as many inhabitants

as we are able to feed and find employment for, they probably do little or no injury to the country under our present prohibitory system. For, were these people to return home, we must export a less quantity of merchandise to foreign parts.

A dispassionate view of the balance of trade would seem to show that, in so far as the various objects contemplated by those governments which have acted upon it are concerned, it is altogether an ideal theory, and in no respect calculated to sustain the reciprocal interests which foreign and independent states naturally bear to each other. And it is a rule pretty generally true in practice, that every state has either a tendency to sell to an amount equal to what it buys, or introduce the capital of other countries into its own. In this way, states that are in want of capital are replenished by those which have it in a superabundance, just in the same manner as waste land, in the vicinity of old inclosures and accumulated capital, may be rapidly brought into cultivation by the means which come from the latter, and to the mutual advantage of both. When a state attempts to carry its exportations beyond the natural balance of purchase and sale, by a code of prohibitory regulations, its internal prices rise to a disproportionate height, when compared with the prices of other countries, and disable it from selling so cheap as those countries that buy more freely, and at the same time possess equal facilities of production. The policy of Spain, in prohibiting the importation of the merchandise of foreign states, and attempting to retain the precious metals she received from her American possessions, inevitably excluded herself from the general commerce of the world, which powerfully tended to destroy her political consideration as a state, and exhibit her to the world as an example of impotence, selfishness, and debasement, brought on by misrule and a mistaken line of policy. Had Spain permitted the freest operation of trade, it is obvious she could not have been worse than she now is; for she would either have increased her wealth by the distribution of foreign commodities among her consumers, or exported to other countries in proportion to her importations. It is true, other nations would have drawn the surplus of her bullion from her in the most direct manner, which circumstance would have caused a redoubled exertion in working the mines, in the production and exportation of a great amount of West India produce, and in the augmentation of her shipping and commerce with the new world, as she had the power to force the commerce of her colonies to flow through her markets at home.

This line of policy might not, indeed, have made her the seat of manufactures, which naturally belong to Great Britain, owing to her facilities of preparing manufactured productions for the market, and the numerous luxuries she demands from abroad. But Spain would have nevertheless retained that great mass of home trade which wealth never fails to occasion. Suppose her manufactures had been wholly purchased in England, the very circumstance of their retail would alone have given her a number of wealthy and prosperous towns. It was, besides, impossible she could have suffered by foreign traffic, since her purchases would have either forced sales of one description or other, or drawn the capital of other countries into Spain.

The folly of a state, independently of the consideration of high and low prices, endeavouring to retain a disproportionate share of the precious metals, is very evident, if we consider how easily they can be wholly removed from one state to another, and invested in foreign property. If, therefore, the Spanish speculators in American mines could not lay out their bullion so advantageously at home as in other countries, either they themselves or other individuals into whose hands it might eventually fall, would use it in the way they considered most beneficial to their own interests, and then withdraw it secretly from the country.

Instead, then, of Spain purchasing foreign commodities with her surplus bullion, as would have been the case in a state of free trade, by which she would have called into being a new capital founded on consumption, she only drew forth the riches of her mines, that they might be exported to other countries without receiving any equivalent in return.

In whatever way we view the theory of the balance of trade, it is obvious that it can seldom or never benefit those who act upon a system of monopoly; and that in almost every case in which it can be practised, it finally becomes detrimental to those who resort to prohibitions. A state may judiciously enough prevent foreigners from conveying goods from one of their own ports to another, or it may exclude them altogether from particular ports, but it must open the way to a freedom of interchange before foreign commerce can be successfully carried on.

The safest line of policy, in all dubious points, is to leave trade as free as possible. Numerous instances might be quoted in which none of those disastrous effects occurred, which selfish men had prognosticated would result from the relinquishment of a prohibitory system, and the adoption of a reciprocally free traffic. On the other hand, it has seldom

or never been found that the abandonment of any monopoly has proved to be an impolitic measure. The notoriety of a body of facts so generally favourable to free trade, ought to make every state pause before it throws any impediments in the way of commercial intercourse. There may, perhaps, be some exceptions; but these exceptions seldom occur.

CHAPTER X.

ON THE DISTRIBUTION OF POPULATION.

SECTION I.

On the principles which regulate the Distribution of Population.

THE human species, in a state of barbarism, are distributed over the surface of a country co-incident with the means of subsistence. The wants, the comforts, and the conveniences of barbarous nations, are chiefly procured where they are used. Like the flocks and herds of animals, they are the most numerous where the means of subsistence are in the greatest abundance, and the fewest where these means are more scarce and difficult to obtain.

The augmentation of national wealth, and the accumulation of capital, effected a complete change in the natural distribution of population. That portion of the people whose incomes were derived either from rent or profits, unless engaged in the cultivation of land, or the management of the affairs of trade, could fix their habitation at a distance from the place where that income was produced; and it was therefore either wholly or in a great measure optional with themselves where they fixed their residence. Those who managed the affairs of state, the administration of the laws, the internal government of the country, or contributed to its ex-

ternal defence, had no precise abode marked out to them by any regulated principle which arose out of cause and effect.

Though the means of production and subsistence, in the early stages of society, determined the distribution of population, yet even in the most highly advanced state of national wealth, the residence of the active and laborious part of the people remained subject to the same law, which assumed a character altogether different. Cheap means of producing marketable articles was the leading feature in both cases. But, in the first stage, production and consumption were locally one and the same; while, subsequently to the accumulation of capital, and the introduction of foreign commerce, the producer and the consumer were often placed at an almost immeasurable distance from each other.

Long before the foreign trade of Great Britain had assumed much importance, income derived from profits and capital had collected a portion of the annual industry of the country into towns, which occasioned an improved division of labour, and greater means of individual production. The adoption of more effective mechanical powers, unfolded during the progress of the accumulation of capital, naturally pointed out a number of local circumstances which were highly favourable to industry, and which tended to augment its power of supplying the market with commodities at a cheap rate; and, from this cause, it frequently happened that population was drawn to situations very distant from the provisions with which they were supplied. Events of this description were necessarily very limited; and it was not until foreign commerce had commenced, and sea vessels were employed to transport merchandise from one country to another, that the conveniences of the manufacturer and the merchant were concentrated in towns. A commodious and safe harbour, easy of access, and the most convenient situation for the exportation and importation of merchandise; a fruitful soil in the neighbourhood to supply a large town with provisions, with fuel at a cheap rate, would form the leading requisites of a commercial depot. When these were concentrated, and a large seaport town planted, it might require a supply of provisions so abundant, as to render them comparatively dear, in consequence of bringing them from a considerable distance. Though in the town and neighbourhood itself, and for the purposes of exportation, a considerable market might be created for manufactures, yet the dearness of provisions might force manufactures to situations where living was cheaper, and profits more considerable.

It would then follow that the commercial advantages of a seaport town might create a manufacturing disadvantage, though a near market were offered, in consequence of the dearness of provisions, and carry manufactures, like the mercantile interest, to the most eligible situation, when every consideration of interest and convenience was taken into account.

However powerful the tendency of foreign commerce and manufactures may be in drawing population together, yet the increased expense of carrying provisions from a greater distance, as the population of any town is multiplied, at length stops its progress, and plants other towns in eligible situations. Every relative advantage, therefore, begets a relative disadvantage in the end, until, finally, population, manufactures, and trade, are so dispersed over the face of the earth, as to coincide with the universal ease, convenience, and benefit of mankind.

No nation or town can therefore draw to itself the whole wealth of the civilized world, as its natural share is limited by local circumstances, if there were no other cause in operation. Those towns or countries will, however, be the most benefited by foreign commerce, whose governments pursue a liberal and sound policy, and whose local advantages are at the same time the greatest.

Commerce, in all ages, has had her commercial depots; and these have been changed as new circumstances created new arrangements. In ancient times, the wealth of Babylonia, Egypt, and Judea, gave rise to the prosperity of Tyre. As wealth and civilization moved along the shores of the Mediterranean sea, Carthage began to rival the parent city, and finally succeeded to her wealth and empire. At a subsequent period, when Rome had become the mistress of the world, she found it most convenient to establish her commercial depot at Constantinople. As the Roman empire began to decline, Venice succeeded Constantinople in wealth and honours. But after the new world was opened out to the persevering industry of the more northern states of Europe, Amsterdam took the lead in foreign commerce. None of these towns owed its prosperity and wealth to any other species of good fortune than what arose out of the actual state of the world in obedience to that cheapness and convenience which sprang from the economy of labour.

On the discovery of the new world, Amsterdam owed its happy fortune to its being the most convenient commercial depot on the north-west coasts of Europe prior to that discovery having been made, though it may be questioned whe-

ther or not the preference did not naturally belong to Antwerp, but from which town the great mart of trade was drawn by state policy.

Finally, however, commercial and manufacturing conveniences, and the local facilities of internal industry, promoted by fuel, water-carriage, and a temperate climate, elevated the city of London to the commercial supremacy. But the same happy destiny which seated the depot of wealth in the port of London, carried many branches of handicraft industry into those parts of the country where local advantages offered the greatest facilities of labour when aided by fuel, water-carriage, and provisions.

Before the introduction of the steam-engine as a moving power, and the extensive use of machinery in manufactures, fuel was little more than a secondary consideration; but when the steam-engine was introduced into general use, a decided advantage was given in favour of those who possessed great facilities of carriage, a district fertile in soil, and supplied with coal at a cheap rate. All these advantages are seldom combined in the highest degree, and when they are found to exist even in a very high degree, provisions ultimately become scarce, and must be brought from a considerable distance. This creates a disadvantage, and sets bounds to the rise of population, and, of course, to the manufactures of particular towns.

Where, however, the conveniences of fuel and carriage are happily combined, as food is much less bulky than fuel, so it can frequently be carried to a great distance, in order to provide for a large manufacturing population. Stations highly convenient to the merchant, such as the port of London, admit of both food and fuel and many other requisites being collected from an immense distance; and, by that means, a large population may be drawn together, far exceeding the natural distribution, or coincident with the means of subsistence.

One half the population of Great Britain are found on a comparatively limited area of ground. This, it would appear, is occasioned by the relations of food, fuel, and carriage. Along the eastern coast of England, from the river Tees to the Thames, though the country is rich in soil, yet its inhabitants are far below the quantity of provisions raised annually. The cause of this is to be sought for in the superior advantages of the port of London, the want of cheap fuel, and the facilities naturally offered in the sending of provisions to the London market.

It would then appear, that in the artificial or commercial state of society, population is distributed over the surface of a country, in a very different manner from what is the case in savage life. The same view holds good with respect to countries carrying on reciprocal commerce. The greatest comparative population will uniformly be found, where the workshop or facilities of industry are the greatest, when aided by internal policy, &c. Of all the commercial states of Europe, England, though by far the best cultivated, was, prior to the restrictive system, the greatest importer of foreign grain. The island of Jamaica imports corn from a similar cause. Soil and climate give to the planters of that island the greatest relative advantage, or cheap means of production in the growth of sugar-cane. This relative advantage produces a relative disadvantage in many other descriptions of industry; and though a high population is thus kept up, it is the interest of Jamaica to import her stores, because in so doing the most effectual division of labour is promoted, and the most economical application of capital; besides a basis is created for capital to rest on, without which there can be no accumulation.

If soil, climate, and the production of sugar-cane, give to Jamaica a population which cannot possibly be provided for within itself, fuel, climate, and the facilities of carriage, render England the most convenient workshop in the world for the manufacture of cotton, woollen, linen, and silk goods, hardwares and pottery manufactures. The extensive and general use of these in every corner of the world, though the soil of the kingdom be better cultivated than any other country, finds employment for a great number of hands; and population is therefore multiplied by manufactures and commerce, until it becomes our interest to import foreign grain in exchange for manufactured and colonial produce.

As England possesses cheap means of manufacturing woollen, cotton, linen, and silk goods, also hardwares and pottery, owing to the great powers of the individual labour by which she produces these, and being less pre-eminently qualified to grow an additional quantity of corn, she naturally exports manufactures and imports corn; and being thus circumstanced, by restricting her natural imports, she restricts her exports at the same time, to the great detriment of her manufactures and general prosperity: first, by creating a distinctive competition between the manufacturer and his operative hands; and, secondly, by contracting the demands of the foreign market, were trade and manufactures left to their natural operation.

Whatever is injurious to the manufacturer, affects the interests of the operative hands in precisely the same degree; for it is an unerring principle, that the capitalist and the operative workmen have a continual tendency to share the gross returns of manufactures between them in corresponding proportions. If the profits of stock rise, so will the reward of the labourer. Wherever the profits of stock fall, it immediately affects the reward of the operative hands also. In fact they are both workmen in the same chain of industry. The only difference is, that the one brings to market labour invested in work-tools, &c. while the other contributes his labour immediately. They differ, therefore, in this, the one is applied directly, and receives a direct reward; the other is applied indirectly, and looks to the same channel for his ultimate returns.

It would then follow, that if freedom of trade should plant woollen and cotton manufactures, hardwares and pottery productions, &c. in England, and allot to France the production of raw produce, it is to the disadvantage of manufacturers in England that she should supply herself with comparatively unfavoured merchandise also.

Should the island of Jamaica pursue a similar line of policy, her wealth would soon contract to less than one-half of what it is at present; and, finally, she might create such a decided competition in her own bosom, as nearly to preclude the growth of sugar-cane altogether.

The doctrine of the natural relations of the advantages and disadvantages of particular kinds of industry, does not altogether originate in the natural productions of a country. On the contrary, the industry requisite to procure the rude materials of manufacture, may enhance the demand for labour in such a degree as to send these rude materials to a distant country to be manufactured. Cotton wool is the native produce of the United States of North America; but so soon as it arrives at a certain state of preparation, it is sent to Europe for manufacture, and the Americans themselves can be supplied from thence with cotton manufactures at a much cheaper rate than they can supply themselves.

Sweden possesses great relative advantages in the manufacture of bar-iron; but Sweden can procure numerous articles of cutlery from England, made of their own iron, at a much cheaper rate than they can be manufactured at home.

No principle in political economy presents to the curious inquirer, or to the legislator, a more extensive field of observation, or more important and necessary to the happiness and

prosperity of states, than the relative advantages and disadvantages of the different branches of industry.

The natural manufacture of cotton, woollen, linen, and silk goods in Great Britain, and the importation of raw produce from other countries, arise solely from the relations of climate, and the facilities of industry. Birmingham has long been famous for its hardwares, &c. Sheffield for its cutlery, Manchester for cotton manufactures, and Leeds for its woollens. Each of these draws together a numerous population, and sets to work other branches of petty manufactures and industry. But were any of these towns divested of its principal source of income, by a legislative prohibition of its chief manufacture, the conveniences of fuel, excellent carriage roads, inland navigation, and a good supply of provisions, would speedily draw thither some other branch of industry, and in a great measure supply the loss which had so occurred.

It not unfrequently happens, that we see a species of manufacture commenced in what appears to those concerned an eligible situation; but, on trial, it turns out that they cannot afford to sell their productions at the usual market price, and leave a sufficient profit. The situation is, therefore, injudiciously chosen, and much loss must necessarily occur. This is a consequence of having set up their workshop in a situation relatively inconvenient, and which does not allow the sending of those productions to market so cheap as their more fortunate rivals.

Suppose Glasgow and Manchester each depending upon cotton manufactures, each seeking a market in the same quarter, and perfectly equal in rivalship, should have their relations changed by a navigable canal cut from the Humber to the Mersey, and connecting with Manchester, that town might then take the lead of Glasgow, and even of towns on the continent of Europe, that previously stood in equal degrees of relation, and rise upon their fall, or even compel them to adopt some other species of manufacture, in the production of which their relative advantages were more favourable.

But were Glasgow to open out to itself the same advantages resorted to by Manchester, and connect the Clyde and the Firth of Forth by means of a navigable canal, Glasgow would regain its former relative position with respect to Manchester, and both of them might then gain a decided advantage over the foreign manufacturers with whom they entered either into immediate or indirect competition.

Suppose that Manchester, Glasgow, and Carlisle, commenced cotton manufactories in the year 1760, upon a pre-

cisely equal basis: let each be thirty miles from the west sea, and sixty miles from the east sea: let each be ten miles distant from coal, and have equal facilities of being supplied with provisions: In fact, suppose these advantages to be in every respect perfectly equal; and that Glasgow and Manchester both carried a canal from the west to the east sea, which not only communicated with each town respectively, but also cheapened the supply of coal, while Carlisle used no exertion of a similar kind.

It might therefore so happen, that Glasgow and Manchester, while they increased the extent of their manufactures annually for sixty years, had left the manufacturers of Carlisle in precisely the same condition in which they were at the commencement of their rivalry, in 1760.

But suppose in 1824, that Carlisle should acquire the advantages of a canal from the west to the east sea, which she had so long neglected, equal facilities of carriage, and of a supply of fuel, with a better relative supply of provisions, she might be enabled to improve steadily in this case, while Glasgow and Manchester might stand still. Carlisle, however, could hardly ever overtake them in the race of competition; for, having once drawn the channels of trade to their respective markets, Carlisle would be long in regaining the original equality she had lost, in consequence of inattention. (Note D.)

The real nature of manufacturing advantages are frequently misunderstood. It was at one time customary in Lancashire to give high prices for falls of water to turn machinery. But, in time, it was found that water was liable to so many disappointments from floods, drought, and frost, added to many other inconveniences, that steam-engines, though expensive in fuel and machinery, were preferable to waterfalls, in many other respects very inconvenient, and liable to continual difficulties from the state of the weather. For it was found to be a serious affair to have 200 or 300 workmen unexpectedly thrown idle, perhaps at the very time when orders ought to have been executed; and when these incidental occurrences, and other inconveniences, for instance a long carriage, the difficulty of procuring dwellings for numerous work people, have been taken into account, the preference has been given to steam-engines, as presenting the cheapest power, when all the advantages and disadvantages have been fairly stated.

Sea-port towns have seldom proved favourable to manufactures; because, though they may, like Newcastle and Whitehaven, have the provisions necessary for a great body of min-

ers in abundance, and the population collected together by maritime and mercantile affairs, yet they may render living too dear to admit of a numerous manufacturing population.

Liverpool is the second port in the kingdom. It is not unfrequent to hear ignorant men observe that the spirit of the people of this town will most probably enable them in time to rival even London as a maritime and mercantile town. Liverpool, like London, does not owe its prosperity so much to the enterprise of its inhabitants as to its local advantages. The Mersey admits vessels of great burden a considerable way into the country; and as an immense chain of inland navigation has connected it with an extensive population in the counties of Lancashire, Cheshire, Derbyshire, Staffordshire, Warwickshire, and Yorkshire, which require an extra supply of provisions, West India produce, and the raw produce of manufactures, besides the continual exportation of manufactures, salt from the works at Northwich, &c. we need not wonder at the flourishing circumstances of the port of Liverpool, which in a great measure owes its prosperity to its not interfering so immediately with the port of London.

Greenock owes its prosperity to the general port it offers for the manufacturing districts of Scotland, the various ramifications which connect it with the interior of the country, and, by means of the Forth and Clyde Canal, with the whole range of the eastern coast of Great Britain.

It would then appear, that commerce, the local facilities of labour, the means of procuring provisions, the state of knowledge, and the accumulation of capital, distribute the population of the world according to regular principles of cause and effect, and that these depend upon cheap means of production.

The seat of empire and commerce has given to England the city of London, to France the city of Paris, and to Holland the town of Amsterdam. These flourishing towns have arisen from the division of labour, and the concentration of capital, caused by the difference of the products of industry in the various parts of the habitable globe, and the principles of wealth by which a great mass of population is drawn together. When Alexander the Great fixed the seat of commerce at Alexandria, and when Constantine the Great marked out the future bounds of Constantinople, they were guided solely by the maritime advantages naturally presented by these famous places. The operations by which they rose into consideration were by no means forced, but the regular consequence of the natural distribution of population and industry in an improved state of society. Foreign commerce, after

having created the basis of capital, by drawing industry into a species of confederacy, a co-operation, and division of labour, and of the economical application of capital, breaks up the natural or squandered distribution of population and industry, elevates villages to the highest rank of opulence, and gradually infuses wealth into the remotest corners of the body politic; until at length, by the repeated action and reaction between the foreign and the home trade, the circumstances peculiar to a people are completely changed, they acquire new habits, new wants, and new desires, together with the means of gratifying them, much more completely than could have been previously anticipated.

SECTION II.

On the manner in which the establishment of Markets tends to collect Population into Towns.

As the division of labour and the accumulation of capital proceed, it becomes essentially necessary that a wider range of the distribution of industry should take place. The customers of woollen weavers, while homemade manufactures continue in use, are at no greater distance than a few neighbouring villages. But, when foreign commerce and the aid of powerful machinery have drawn the various branches of woollen manufactures into a sort of condensed or compressed form, the cloth carried by a country weaver to the residence of the consumer by a few short journies on foot, must necessarily assume a quite different mode of distribution.

Instead of this distribution commencing immediately on coming from the hands of the manufacturer, the goods must be drawn together by a sort of general market, which will naturally be placed in such a position as to cause the least inconvenience in their immediate collection and future dispersion. The foreign trade, as it has the effect of collecting merchandise into large quantities, will often have considerable influence in determining both the position of the general market and its extent.

After this new distribution has commenced, though a manufacturer may have occasion to use a part of his own productions, he may find it necessary to send the very goods he himself wants to a market two or three hundred miles distant, and have them brought back by a neighbouring dealer, from whom they are again purchased. Nor is such an incident

unnatural. A large manufacturer, in all likelihood, may want only a portion of a whole piece. In case he should cut this off, he would spoil the sale of the remainder. As his neighbour the dealer may have occasion for a very small part of his manufactures, he may go to another market before he can lay in a general stock suitable to his customers, without being able to observe steadily the productions of his neighbour, who cannot, as a wholesale dealer, dispose of a single piece, any more than for as much cloth as would make him a single coat; so it may be quite a matter of course that the small portion he himself wants should travel five or six hundred miles before he receives it in a regular way.

When a general market is once established for the convenient dispersion of merchandise, it becomes necessary to have a great number of subordinate markets to break down lesser bulks into still smaller portions, suitable to the wants of various customers.

If the co-operation and division of labour, and the economical application of capital, have the effect of drawing population into a condensed focus, the creation of the numerous markets which arise out of them, necessary to the economical dispersion of the productions of industry, has a still more powerful influence in increasing the population of towns; and these towns will have a continual tendency to accommodate their size to the general operations of cause and effect, as they arise out of the laws of political economy.

Here we see the same law exhibited, by which foreign commerce draws manufactures into large bulks. The customers created within every town contribute to the support of the market. A numerous and opulent class of trades people become the customers of each other. The mercer and draper, the grocer, spirit merchant, ironmonger, innkeeper, &c. all have large demands upon their fellow townsmen. This has a powerful effect in swelling out the size of towns, and is one cause why a larger supply of provisions from the country is demanded. The country people, in taking their provisions to market, convey into the country the commodities offered for sale in towns.

It is thus, in the progress of national wealth, that the population of towns accumulates, while the country either diminishes, or remains nearly stationary. The practice of marketing and dealing becomes so universal, that population has a gradual tendency towards that cheapness and convenience which towns afford.

The grain which the farmer carries to market, is bought by the miller or corn-dealer, and frequently again carried

back into the country to grind, when it is a second time returned to the same market; and it sometimes happens that it is rebought by the grower himself, who reconveys it into the country for the use of his family.

All this carriage and recarriage is, however, a great convenience, and a saving of labour in the end, as the wants of the people, and the supply of these wants, are accurately adjusted to each other. These may appear often inconveniences in particular cases. It may appear rather odd, to see a miller and a farmer go five or ten miles to market from the same village, one for the purpose of selling, and the other of buying corn, make a bargain at the market, and then return home. This, however, may be very necessary. The farmer might not be aware that the miller wanted his grain, the miller might not know that the farmer had it to dispose of. The time lost in going to market is saved, in avoiding the necessity of seeking for each other, putting aside the decision of price by the market rate. For though all this circuitous distribution may appear superfluous, it turns out more economical in the end. Buyer and seller are brought together, and commodities are dispersed among the various consumers with the greatest nicety.

Nor can there be a greater mark of opulence and of a gradual increase of wealth, than to see a great portion of the inhabitants of a country, not only drawn into large towns, but gradually uniting more closely. For it is a proof that co-operative industry, and the accumulation of capital are upon the advance; and that the economy of labour is continually tending to ameliorate the condition of man, in opposition to the wants which gradually gain upon him from a population constantly rising up to meet a comparatively low means of subsistence.

After large towns are formed, a number of the wealthy inhabitants of the country, finding many conveniences and amusements can be enjoyed in towns, which are not to be had in the country, give up the domestic solitude of their forefathers, and betake themselves to a town's life; thus drawing the market, and the supply of that market, into a central focus, exhibiting the most striking contrasts of splendour and elegance, poverty and riches, vice and virtue, together with religion and irreligion.

As towns enlarge they have a tendency to advance in vice, depravity, and public turbulence. Unless the vigilance of government be interposed and put down licentiousness and vice, in proportion as wealth multiplies and the population of

towns increase, greater evils may be brought upon a country than those from which wealth proposes to save it. To say that the institutions of a country are unequal to this task, is to say that man is so viciously inclined that he prefers vice to religion and correct morals, wretchedness and misery to happiness and comfort.

There is, however, one lamentable fact which must be acknowledged; that man has too ready a propensity to view the vices of other individuals in a much more detestible light than his own imperfections. The rich condemn the vices of the lower orders of life; and they, in their turn, regard the immoralities of the rich in a point of view not less severe. This mutual opposition in the different ranks of society, to licentiousness and vice, operates as a check or preventive to the commission of crime. But, unless the executive power of the laws, their judicious application, and the powerful operation of genuine Christianity, restrain vice and correct the morals of a people, public opinion will prove a weak barrier against the inroads of vitiated habits which naturally keep pace with the rise of towns and the progress of wealth.

In effecting this great purpose, it is not the rigid execution of severe and sanguinary laws that contribute so much to correct the morals of a people, as the vigilant co-operation of the civil power, placed under the control of a sort of corporate body, in rooting out the abodes of vice in whatever shape they may be found. It is this system alone, followed up with unremitting vigilance, that can tend to diminish the higher order of crimes.

Under this head nothing can be more judicious than the prison discipline introduced of late into the jails of this country. Formerly, almost all our public institutions, which drew together a considerable body of inhabitants, even our houses of industry, were the abodes of sin and wickedness. Whoever entered their precincts was doomed either to participate in crime, or become the standing jest of their companions. Many of our established charities, in the place of humanity and virtue, were the seats of the most profane and licentious conduct, and well calculated to generate the commission of the highest crimes.

SECTION III.

On the influence of Carriage Roads, Railways, Inland and Sea Navigation, on the Distribution of Population.

THE division and co-operation of labour, assisted as they are by mechanical inventions, though they contribute essentially to multiply the productive powers of individual labour, and to draw the inhabitants of the country into large towns; yet their influence is not more important in the formation of national wealth, than cheap means of conveying merchandise from one place to another, and of promoting its distribution among consumers, since this cheapness is the main cause of that collective industry which leads to the accumulation of capital, and even in a great measure to the division and co-operation of labour. Though the ocean presents a natural element over which vessels of immense burthen are navigable, and that too by the attention and direction of very few hands, yet artificial harbours and storehouses must be built for the security of these vessels and their cargoes, and the convenient shipment and landing of the merchandise sent abroad or brought home. From the great expense frequently incurred in the formation of these conveniences, much business must be transacted before an expenditure so large as is often required can be made with any hope of an adequate return. Roads, too, are very expensive in their formation and necessary repair; and, unless the wealth of a country has become considerable, these valuable conveniences cannot be afforded. Inland navigation and railways are a still more effectual mode of conveying the rude and manufactured articles of commerce than public roads. But as the expense of forming them is much greater, they cannot be resorted to with advantage, until commerce has either created a considerable transit of goods, or, it may be supposed, that these modes of conveyance, by cheapening the rate of carriage, are likely to create much business and commercial intercourse.

Improved facilities of conveyance, advantageous as they are, considered in an agricultural and commercial point of view, result, in a great measure, from the introduction of foreign commerce, and the action and reaction which takes place between it and the home trade. When population is drawn more into towns, and the universal principles of marketing and going to market are once established, public roads, inland navigation, and railways, are necessarily resorted to;

and, in their turn, they assume the nature of causes, as they regard the effects produced by public wealth.

It not unfrequently happens that improved means of conveyance create a spirit of agricultural, manufacturing, and commercial exertion where perhaps none had previously existed. As distant and difficult carriage becomes less expensive, when the demands of one place can be cheaply supplied with the productions of another, roads often call new branches of industry into use, and increase the size of towns. After inland navigation has been resorted to, effects of this sort may take place, which could not be produced by the influence of common carriage roads.

In the preceding pages, we have attempted to exhibit the principles upon which value in exchange depends, the natural division of income into rent, profits, and wages, and the immutability of those causes which regulate that division. We have also endeavoured to show that cheap workmanship, or great powers of individual production, not only occasion use, but enable the producer to effect extensive sales, and to make corresponding purchases, either as a consumer or as a realiser of new capital; and that this principle equally applies to the supply and demand of provisions, as to manufactures and merchandise in general. It even extends to the exchange of general merchandise for the precious metals. A person who can produce the most workmanship in the least time, is enabled to convert his labour into a greater quantity of gold and silver, than that which inferior workmen can obtain. If we trace this obvious principle to its general consequences, it would seem that the proportionate rate of exchange between the metals of coinage and labour will naturally follow a similar rule; and that the general price of labour is everywhere regulated by the powers of individual production,—bearing the highest price in those towns and countries where workmanship demands the least labour and toil, and the lowest price where it costs the most. Every nation, town, or individual, who, by the discovery of readier methods of production, or cheaper and more effective machines, is enabled to employ the greatest economy in labour, possesses the means of selling at the cheapest rate, of gaining the most customers, and of exchanging the aggregate labour invested in articles of merchandise into the greatest quantity of money.

According to this rule, as the division of labour becomes more perfect, industry is drawn more into towns, and workmanship, though its price becomes higher, in consequence of the necessity of bringing provisions from a distance, is exe-

cuted at a cheaper rate. But this dearness of provisions is counterbalanced by the economy of labour which its division occasions. The introduction of artificial carriage roads, railways, canals, harbours, and docks, by cheapening the conveyance of merchandise from one place to another, has also a powerful tendency to draw industry more into towns, to cheapen workmanship, and to raise the price paid for the labour of towns. Economy in labour is carried one step farther, when elementary powers, which point out the advantages of co-operative labour, are applied to the movement of machinery. This new principle has cheapened workmanship in an extraordinary degree, augmented the size of towns, diminished the value of the metals of coinage, multiplied the customers of towns, as well as those of the country, and gradually called into being an immense augmentation of capital, which labours in the place of man, and enables its owners to gain a livelihood without contributing any personal industry.

To conclude: We ought ever to remember, that buying is the cause of selling, as well as selling the cause of buying; and that the proceeds of the last addition to the supply of any of the necessaries of life, ought to be wholly divided among those who have contributed either labour or capital to their production, and who ought not to be shackled with any unproductive payments, for to fetter production at this point is to destroy it. As the correct application of political economy proposes to impart great powers of production to labour, its object is to raise the greatest amount of proceeds with the fewest hands, whether in agriculture, manufactures, commerce, or navigation; and, by drawing the inhabitants of the country into towns, to make towns as much as possible the abode of industry and affluence.

PART II.

ON TEMPORARY AND INCIDENTAL PRINCIPLES.

PRELIMINARY REMARKS.

THE relative value of commodities in the market is regulated by the reference which the supply bears to the demand; and that supply and demand is almost uniformly under the influence of the natural relations of value, as well as fluctuations of a temporary and incidental character. We have been hitherto speaking of the natural value of commodities, and now come to their value in the market, subject to a number of temporary incidents which ultimately do not prevent prices from having an unceasing tendency to return to natural proportions of value.

Independently of this fluctuation in market values, money, the numerator by which the value of commodities is estimated, and the intermediate instrument by which their exchange for each other is simplified, is exceedingly liable to vary in value, particularly on the discovery and adoption of more efficient mechanical powers, when foreign commerce is increasing, either from the extension of free trade, or any other favourable circumstance, or when the circulation of paper is more resorted to than the precious metals themselves. Should trade be interrupted by restrictive measures of state policy, such as our corn laws, or the anti-commercial system adopted by the French government in the years 1806 and 1807; or should a paper circulating medium be partly withdrawn to make way for an increase of metallic money, prices would

have a general tendency to fall, and bullion to rise in value as an article of merchandise.

Among the incidents which belong to the temporary fluctuations of the value of commodities, money forms the leading consideration, from its being the instrument through the medium of which exchanges are chiefly transacted and estimated. For if the numerators we employ are almost continually varying in value, we must first ascertain the nature and imperfections of these numerators before we shall be able to take an accurate view of those fluctuations in the market values which arise from some increase or diminution either in the supply or the demand. As those incidental events which occasion the market values of commodities to fluctuate, are in general the most obvious and best understood of any of the principles that belong to political economy, so a full investigation of the principles and defects of the circulating medium form the chief consideration of the second part of this work.

The reader ought constantly to bear in mind that the part of the work now before us is an inquiry into those temporary and incidental events which interrupt the natural price and value of commodities, when compared with their necessary value or cost price. Proceeding, therefore, upon the basis already laid down, we shall endeavour to follow and assimilate the course of analytical and synthetical reasoning already employed in the preceding pages, constantly bearing in mind that temporary and incidental events are at all times controlled by those natural and necessary causes which arise out of first principles.

CHAPTER I.

ON THE FUNCTIONS OF MONEY.

ALL income arises from the sale of articles of merchandise; and he who possesses a portion of these articles, is able to exchange or convert them into such other descriptions of merchandise as he may desire to consume or to possess: that is, he is able to barter articles of merchandise for each other. In a rude state of society, this interchange of commodities for each other is chiefly carried on by direct barter. When national wealth has accumulated, and the division and co-operation of labour have arrived at a state of great perfection, it would be altogether impossible to carry on direct barter, and by such means distribute the proceeds of industry among consumers, according to their several demands and means of purchase.

Money was introduced for the purpose of obviating this difficulty, or of facilitating the exchange of commodities for each other, thereby collecting them into the hands of producers and traders, and dividing them among consumers at a cheap rate of distribution, and according to the several desires and means of each demander. Money is, therefore, the representative of value, and the rule by which all values are measured; yet, in its character of money, it cannot be said to have any other than a conventional value, regulated by the conversion of metallic money into merchandise. For, while it is limited to the office of facilitating and simplifying the exchange of general merchandise, it can by no means be considered as an article of consumption, being only the universal representative of value, through the medium of which production and consumption are adjusted to each other with great ease and nicety. It is not the money itself we desire to consume, only the things we can obtain for it, and which we desire to consume or to possess. Gold and silver, it is true, are consumable merchandise; but the moment they are appropriated to consumable purposes, they no longer sustain their character of money, or the instrument by which the exchange of commodities for each other is facilitated. It is equally true, that the precious metals contained in coined money retain their exchangeable value as merchandise; but its functions as money are more clearly ap-

prehended, if we draw aside its value while in coin, view it as a pure conventional representative of value, and the rule by which we measure the comparative value of every other article of merchandise. This is certainly the real character of the bank-note, since it has no intrinsic value, and derives its whole importance from the credit it receives in circulation.

The real substance of value is not, therefore, the instrument with which it is enumerated, or that by which the exchanges of valuable commodities are accomplished, but the powers of productive industry, and the proceeds of those powers. Land, labour, the produce of that labour, the implements with which it works, and the capital stock it has prepared for market in a variety of forms, are substances of value, and barter proposes to exchange, or convert these substances into each other, according as we either desire to consume or to possess them; and money, being a universal pledge, is circulated as a species of credit, and the most complicated affairs of barter are, through the medium of this credit, carried on with an exactness and simplicity truly astonishing.

The United States of America export to Great Britain annually immense quantities of cotton wool. This wool is distributed among cotton-spinners according to their several demands; the yarn is then disposed of to a class of people, who intend to weave it into cloth of various fabrics, for different markets, and adapted for various purchasers. The people who weave this yarn, may either be working co-operatively in a power-loom mill, or employed in solitary labour even thousands of miles distant from each other. Cotton wool, having been converted into such manufactures as are calculated to suit consumers, is bought up by general traders, from numerous manufacturers; they dispose of it to retail dealers, and these dealers sell it to consumers in such quantities as are agreeable to their demands. This collection of the raw materials of manufacture, their conversion into a variety of cotton goods, and distribution among consumers, though wholly transacted through the medium of money, or a system of credits, resolves itself into an infinite series of the most complicated affairs of barter.

An English farmer wishes to barter his farming-stock for land, labour, clothing, &c. in the Illinois States of America. This stock, though converted into money, and that money carried to the Illinois, yet the real articles bartered are the manufactures of England, which are divided among numerous consumers at an immense distance from each other,

and who finally supply him with the substances of value he desires to possess. In this the infinite series of barter, through the medium of which the affair is transacted, though so excessively complicated as to bewilder the human understanding and to defy its penetration, yet the whole business is conducted through the medium of universal pledges or money, by a method as determinate as that by which the waters of the ocean find their universal level. In truth, it is the peculiar function of money to unravel a multiplicity of the most diversified and complicated transactions of barter, infinitely more involved than the gordian-knot itself.

When the metals of coinage are circulated as pledges, their intrinsic value, indeed, contains within itself, the pledge offered in exchange. But the bill of exchange, or the bank-note, having its intrinsic value in land, houses, or some description of capital stock or other, enables the holders of paper money to offer the most immoveable substances of value as circulated pledges in any part of the world, and in either small or large portions of their value; and when we are able to effect a purpose of so very extraordinary a character, and so important in the affairs of men, we are warranted in concluding that modes of currency much more complete than we have at present, may be hereafter discovered and adopted.

As money is the numerator by which we measure value, and the instrument with which the exchange of the various substances of value are accomplished, an increase in these numerators, whether metallic or purely representative, as is the case with the bank-note, is therefore no evidence of the increase of the substance of national wealth; for it is obvious that an augmentation of the mere signs or names of things can occasion no increase in their real substance. By way of illustration, suppose during one period of time we find the medium price of wheat 80s. per quarter, and able-bodied farm labourers' wages, engaged the whole year round, 13s. per week; at another time wheat 40s. per quarter, and labour 6s. 6d. per week; and, subsequently, wheat 160s. per quarter, and labour 26s. per week; as the quarter of wheat and labour are substances of value, the lowest and highest of these prices would bear equal real values to each other in exchange; since the variation of price would be wholly in names and not in real values.

Could the Spaniards have retained the whole of the gold and silver brought home from their American mines, and circulated them as money, they would not have thereby made any addition to their stock of national wealth, as the value of these metals would have fallen in proportion as the price of

corn and labour rose in amount. But had Spain converted the natural surplus of these metals into the general merchandise of other countries, she would have received the substance of wealth in return, and retained it in proportion as she purchased foreign commodities with the surplus of the precious metals in her possession. By not adopting this course, the excess of the precious metals was privately withdrawn from her, and though she imported nothing in their stead, yet she must remain just as wealthy as if she had retained them by adopting a restrictive system. Had she exchanged her precious metals for that portion of them which may be supposed to have been an excess, and which was secretly withdrawn from her, the valuable consideration received in return would have kept that wealth in the country, which was exported by a secret drain that transplanted her solid capital to other countries, to be there laid out in productive industry, or in the purchase of foreign property.

Mr. Hume, in his essay on interest, has very justly observed, that "money having chiefly a fictitious value, the greater or less plenty of it is of no consequence, if we consider a nation within itself; and the quantity of specie, when once fixed, though ever so large, has no other effect than to oblige every one to tell out a greater number of those shining bits of metal, for clothes, furniture, or equipage, without increasing any one convenience of life. If a man borrow money to build a house, he then carries home a greater load; because the stone, timber, lead, glass, &c. with the labour of the masons and carpenters, are represented by a greater quantity of gold and silver. But as these metals are considered chiefly as representations, there can no alteration arise, from their bulk or quantity, their weight or colour, either upon their real value or their interest."

Had the different states of Europe paid due attention to the just remarks of Mr. Hume on money, they would long ago have laid aside many of the absurd lines of policy on which they have acted, and given the most complete freedom to the importation and exportation of the precious metals as articles of merchandise, which is their true character when they are either imported or exported from any country. Ignorance of this important principle has contributed more than any other circumstance to involve in obscurity some of the ablest treatises on this subject, and has prevented many of our most enlightened statesmen from pursuing those measures which would have increased their own splendour, and enlarged the boundaries, the commerce, and the lasting wealth of their country. Increased acquaintance with correct principles rel-

ative to money has contributed to give just and enlarged views on the all-important subject of free trade, by proving the folly of monopolies, and establishing, on an unshaken basis, the invaluable utility of commerce as a source of riches and of peace.

CHAPTER II.

ON THE NOMINAL VALUE OF MONEY, OR ITS PRINCIPLES OF NOTATION.

SECTION I.

The Nominal Value of Money considered.

EXTENSION, gravity, and divisibility are properties of the material world. Numbers are an *artificial* system of signs, *invented* for the purpose of communicating to each other the notions we conceive of extension, gravity, and divisibility. As numerical extension or gravitation is an artificial division of wholes existing in nature, into their comparative parts, if the division of wholes into ideal parts undergo any alteration, it can make no difference whatever to real extension or gravity. The London and the country pound weight of butcher's meat are precisely equal: but as the London stone contains only eight of these pounds, and the country stone fourteen, so fourteen London stones of butcher's meat are only equal to eight country stones.

Similar principles are applicable to the various modes by which the comparative values of commodities are estimated. Originally, men made known to each their notions of comparative value, by referring the different values of marketable articles to the weight and fineness of the precious metals. An article was therefore worth so much gold, silver, or copper of a given fineness. Whenever these precious metals

either varied in comparative value, as articles of merchandise, which they have at all times been liable to do, or because the system of notation formerly in use had been altered, the numerical worth of all other articles would in either case vary accordingly. When coined money was first introduced, the sole object held in view was that of ascertaining the weight and fineness of the metals of coinage by tale, instead of being at the additional trouble of weighing and assaying them; and the value of commodities was still made known by its being worth so many of these coined pieces of metals. Suppose an article were worth eight pieces of a known weight and fineness at one time, and, subsequently, these eight pieces were coined into fourteen pieces, bearing the same name, every article formerly worth eight pieces would thus become worth fourteen: not by any fluctuation in the intrinsic value of the article itself, the denomination which expressed its comparative value with other things, being only altered, since the eight heavy pieces and the fourteen light pieces precisely agreed in the actual amount of value determined by the weight and fineness of the metal. If eight heavy shillings were coined into fourteen light shillings, their real weights with respect to each other would remain the same; and though the prices of commodities rose in an equal ratio, yet the comparative values of commodities would remain unaltered. Although the mode of notation may be changed by interfering with the weight and fineness of coined money, it in no respect alters the real basis on which that notation rests, though it may confuse the ideas of men whose minds have long been used to a given set of ideal terms.

As an instance in point, the English pound sterling in the year 1087 contained 11 oz. 2 dwt. of fine silver, along with an alloy of 18 dwt., so that the pound sterling was actually a pound weight of silver of a known fineness. At present a pound sterling of our silver coin contains only 3 oz. 11 dwt. 15 gr. of fine silver, along with 5 dwt. 19 gr. of copper alloy, which makes the weight of our present pound sterling only 3 oz. 17 dwt. and 10 gr. in coined money. Notwithstanding this diminution in the weight of our coined money, whether we consider the legal regulations by which monied obligations of time are fulfilled, or the immediate principles on which money transactions depend, the basis of money is just as completely an affair of the exchange of commodities for gold and silver, as when "Abraham weighed to Ephron the silver, four hundred shekels, current money with the merchant," as the purchase-money of the field in Machpelah.

For coined money is even yet nothing more than so many portions of gold ingots or bars of silver, ready weighed and assayed to our hands, and paid by tale, according to the weight and fineness of metal; and yet it is very extraordinary that there is scarcely a person to be found who has clear views of this self-evident principle of money. Had our coined money been uniformly accepted as a stated weight of gold, silver, or copper, for example, the crown-piece an ounce of silver, or the penny an ounce of copper, no such question as the market price of bullion could have ever occurred, and men's minds would have retained a correct apprehension of the notation of value by money, as a universal pledge given in exchange.

If the equality of prices be expressed by the weight and fineness of the precious metals, as was formerly the case, and surely this is yet the chief end proposed by the adoption of coined money, then 20 shillings of the year 1087 express an equality of price with L.3, 2s. of our present silver coinage; so that 20 shillings of the year 1087 and L.3, 2s. of the year 1824, denote an equality of price. An alteration of terms, effected by lessening the weight and fineness of our coined money unit, or pound sterling, could no more augment real prices, than the estimation of a carcass of beef could increase its real quantity by reckoning it in London stones of 8 to each, instead of country stones weighing 14 to each. Therefore an equality of real prices, measured by the precious metals, can only be expressed by equal quantities of the weight and fineness of those metals. Into whatever denominations an ounce of silver of any given fineness may be coined, it must necessarily remain an ounce of silver, whatever may be the alteration of the weight of the pieces into which it is coined.

It has been stated by Mr. Malthus, on the authority of former writers, that the usual price of labour in the year 1434, was 2s. per week, and in the year 1545, 4s. per week. As the pound sterling of the former year contained 7 oz. 8 dwt. of fine silver, and that of the latter year only 3 oz. 14 dwt. of the same, it follows that the real prices of labour in these two years were precisely equal; and that this apparent difference in the prices of labour was entirely owing to the silver coinage being diminished to one half of its former weight and fineness, which occasioned no alteration whatever in the relative value, and in exchange between silver and labour. In both periods of time the usual earnings of a labourer were after the rate of 14 dwt. 19 gr. of fine silver per week. Coined money, therefore, neither

denotes, nor can, nor was ever meant to denote any thing more than given quantities of gold, silver, or copper weighed and assayed to our hands; and, to this day, over all the world, the conversion of the metallic money of one country into that of other countries, is wholly regulated and estimated by the weight and fineness of the metal which the coined money contains.

So long as we continue to measure the relative prices of commodities by the metals of coinage, the equality of prices denoted by those metals cannot possibly be referred to any other standard than equality of weight and fineness. If in England, every legal contract of L.3, 17s. 10½d. be for an ounce of bullion of a given fineness, the market price of bullion cannot possibly vary from that standard rate, unless the end contemplated by such legal standard be perverted. For all that coined money either denotes, or was ever meant to denote, is the precious metals weighed and assayed to our hands, and by that means payable by tale, according to the legal quantity contained in our money unit, or any of its fractional parts.

SECTION II.

On the quantity of Fine Silver contained in the Current Pound Sterling of England, since the year 1066 to the present time.

COINED money, we have already seen, was originally instituted for the purpose of facilitating business. What was at first a mere matter of convenience, and, one would have supposed, admirably calculated to preserve the principles on which it was founded, ended in not only overturning the old system of notation, but finally involved human ideas in such a complete labyrinth, as to lead to the weight and fineness of the precious metals being regarded as abstract ideas. Men seemed to forget, that in the estimation of price, the weight and fineness of the precious metals stood on one side of the account, and commodities on the other. This error has, however, been in a great measure dispelled: but it has left another error behind it, equally obstinate,—a mistake in which even an able and virtuous statesman of our own days has suffered himself to indulge; an error too, that leads to the worst of consequences.

In speaking of the agricultural distresses of the country, in the House of Lords, January 23, 1821, he observed, “the low price of grain is to be attributed to an abundance

or excess of production. This is my settled opinion,—an opinion which I am ready to discuss and support on any proper opportunity.” If the price of bullion had not been forcibly brought down, or the current price of labour had been what it was in the year 1813, this conclusion would have been very just. But as the bullion price of farm labour was nearly the same in 1813 as in 1821, and the bullion price of wheat also nearly the same,—since the price of gold has been forcibly brought down to the amount of 38 per cent, or, in other words, the weight and fineness of the bullion contained in the current pound sterling has been forcibly increased in a corresponding ratio,—the fall of the price of grain nominally considered, which is what this distinguished statesman meant, if his words have any meaning, is wholly to be attributed to the low price of bullion, and not to any excess of production. The ideas of his Lordship were so completely bewildered, that what is altogether a process of figures or verbal arrangements, he attributed to actual value, or the substance of productions. He got on the wrong side of the account, for he says “the low price of grain is to be attributed to an abundance, or excess of production,” whereas, most clearly, it was owing to the price of bullion having been forced down; or it might have been owing to a rise in the exchangeable value of bullion, occasioned by an increased demand, brought about by the displacement of paper in various states of Europe and America.

Whenever the price of bullion is forced down, to make paper coincide with the value of coined money, its exchangeable value has a tendency to rise, in consequence of an increased demand being unaccompanied by a corresponding supply, and the nominal price of commodities in the one case, and their real price in the other, has a tendency to fall. Many people ascribe a fall of prices from either or both of these causes to over-production; whereas it is altogether occasioned by the operation of the circulating medium. I trust the liberal reader, after the exposure of errors so obstinate and fatal to the happiness of mankind, will pardon the attempt to carry him back to the first principles of money.

The following Table shows the weight and fineness of the English pound sterling in silver, or the variation of the English silver money weight, from the year 1066 to the present time.

Dates of several of the Mint Inden- tures. Years.	Standard fineness of the Silver Coinage at each Period.		Weight of the Pound Sterling of Standard Silver.	Weight of fine Silver contained in the English Pound Ster- ling.
	Fine Silver.	Copper Alloy.		
	oz. dwt.	oz. dwt.	oz. dwt. gr.	oz. dwt. gr.
1066	11 2	0 18	11 5 0	10 8 3
1087	11 2	0 18	12 0 0	11 2 0
1300	11 2	0 18	11 17 1	10 19 6
1347	11 2	0 18	10 13 8	9 17 8
1354	11 2	0 18	8 12 0	7 17 14
1412	11 2	0 18	7 10 0	6 18 18
1422	11 2	0 18	8 0 0	7 8 0
1422	11 2	0 18	6 8 0	5 18 10
1426	11 2	0 18	8 0 0	7 8 0
1461	11 2	0 18	6 8 0	5 18 10
1505	11 2	0 18	6 0 0	5 11 0
1509	11 2	0 18	5 6 16	4 18 6
1543	10 0	2 0	5 0 0	4 3 8
1545	6 0	6 0	5 0 0	2 10 0
1546	4 0	8 0	5 0 0	1 13 8
1549	6 0	6 0	3 6 16	1 13 8
1551	3 0	9 0	3 6 16	0 16 16
1553	11 1	0 19	4 0 0	3 13 16
1560	11 2	0 18	4 0 0	3 14 0
1601	11 2	0 18	3 17 10	3 11 15

The quantity of fine silver represented by the current one pound note of the Bank of England, from 1795 to 1821, is stated in Table, No. 11, part 2, which see.

If, then, we go back to the first principles of money, the weight of fine silver contained in the English pound sterling cannot be equal in value unless its weight be the same; namely, it would take more than three of our pounds at present to make one of those of 1087; and when we speak of equal real prices, in an arbitrary standard of silver, the quantity of that silver must be equal; but, in speaking of equal nominal prices only, they may differ very materially from equal real prices, as exemplified in the preceding Table.

Silver pennies, sixpences, shillings, half-crowns, and crown pieces, must all be regarded as so many minor parts into which the amount of fine silver contained in the pound sterling is divided; and it is into the weight of fine silver only that we can resolve prices, so as to form an accurate view of the fluctuation of real price, measured by an arbitrary metallic standard of value. Real value, it must be observed, is quite different from a metallic value.

From the year 1087 to the present day, we have been estimating prices in all the variable weights to which the legal pound sterling has been liable. Real prices, therefore, measured by equal quantities of silver, have differed in the proportion of 11 oz. 2 dwt. to 3 oz. 11 dwt. 15 gr. from the mode in which we have estimated nominal prices. This has created a confusion of ideas that can be dispelled only by resorting to one common denomination; and this common denomination is at once obvious, if we resort to the original principles of money; that is, to measure high and low prices by the weight of the pure metal alone.

In the same way in which it requires fourteen London stones of butcher meat to make eight stones country weight, it requires nearly three pounds sterling and one-tenth of fine silver at present to make one pound sterling of the money of 1087; that is, the difference between them is only verbal, as it takes nearly one-tenth more than three times 3 oz. 11 dwt. 15 gr. to make 11 oz. 2 dwt.; and the real equality consists in equal real quantities, (and not in equal nominal quantities,) as represented by the modern and ancient pound sterling.

In the year 1813, the market price of the metals of coinage rose 38 per cent above their legal current value. But as they were circulated at this depreciated rate through the medium of bank paper, it then required 138 current pounds sterling to make 100 legal pounds sterling. Thus, while the market price of a quarter of wheat, in depreciated paper, was worth L. 5, 8s. 9d. its real price, when measured by 3 oz. 11 dwt. 15 gr. of fine silver to the pound sterling, was no more than 78s. 9d. per quarter, as the current pound in that year represented no more than 2 oz. 3 dwt. 21 gr. and a fraction of fine silver. But in case the pound sterling had contained 11 oz. 2 dwt. of fine silver, as in 1087, then the market price of wheat in 1813 would have been only 25s. 4d. and a fraction per quarter, instead of 108s. 9d. its actual market price in the current money of that year. However complicated the nominal or current value of the precious metals may have been, when put to the test of weight and fineness, or the original principles of money, the whole mystery is as easily unravelled, as that eight stones country weight are equal to fourteen stones London weight.

SECTION III.

On the Universal Enumeration, or Measure of Value, in Exchange for the Metals of Coinage.

It has already been shown, that however particular states may regulate the weight and fineness of their coined money, the world at large pays no further regard to these regulations, than as they denote the weight and fineness of the metals of coinage. To say that the price, or nominal value of the precious metals, is high in one country and low in another, is to speak of what cannot possibly exist. For the price of the precious metals is everywhere, and during all periods of time, precisely the same, being according to their weight and fineness. Though the English pound sterling and the French livre were each of them originally a pound weight of silver of known fineness, yet the reduction of the English pound in silver to less than one-third of that weight, and of the French livre to one-twenty-third of what it originally was, can in no degree whatever lead foreigners to receive them in value any otherwise than as less than one-third, and one-twenty-third, of their ancient values respectively. However any particular state may disguise the real value or weight of their metals of coinage by names or terms, they have never been able, nor ever will be able, to persuade foreigners that they have thereby augmented their exchangeable value. When our English guineas sold for L.5, 12s. an ounce, in the estimation of every foreigner they were of no more value than when sold at L.3, 17s. 10½d. per ounce, since they would still exchange for foreign coins in proportion to the weight and fineness of the metal contained in them. Indeed, how can it reasonably be believed, that two parcels of bullion, at the same time and place, each of them in foreign coins, each containing one ounce of bullion in weight, and of the same fineness, can differ in value, any more than two separate bushels of wheat, each of them of the same quality, and at the same time and place? A variation in the names by which the value of the metals of coinage is estimated or made known, may, and certainly does confuse the apprehensions of men with regard to numerical value; yet they speedily find out their real value in exchange, as is illustrated by the high prices in figures obtained for land labour, and the produce of land, when the guineas were worth L.5, 12s. an ounce; and, again, in the quickness with which the amount

of these values in figures declined, when an ounce weight of coined gold fell to L.3, 17s. 10½d.

It is curious to perceive how speedily people imagined that the real value of these commodities had risen in the one case and fallen in the other, when, in reality, it was no more than an operation of figures that may be multiplied to infinity, or, in other words, a deranged currency. In 1813, one week's labour cost in the Bank of England paper of that year 14s. 6d., and a bushel of wheat 13s. 7d. In 1820, a week's labour cost 10s. 6d., and a bushel of wheat 8s. 3d. But as gold was at L.5, 7s. 8d. an ounce in the former of these years, and at L.3, 17s. 10½d. an ounce in the latter, a week's labour in both years would exchange for 2 dwt. 16 grains of gold, of standard fineness; therefore, the real price of labour was the same in both years, as the higher price of the former year was wholly a multiplication of figures, without any addition whatever of the substance. In the same way, instead of wheat being really 13s. 7d. and 8s. 3d. a bushel respectively, the real prices in these years were 9s. 10d. and 8s. 3d. a bushel, as the ounce of bullion was current at the nominal value of L.5, 7s. 8d. in 1813, and was reckoned at no more than L.3, 17s. 10½d. in 1820. (Note E.) This difference in the principles of the enumeration of value by money is as clear and obvious as the estimation of a carcass of butcher's meat by the London and the country stone weight. The actual value, price, or weight of an ounce of bullion can no more be raised by figures than that of a carcass of butcher's meat by giving only 8 lb. to the stone; for it is the weight, and fineness of bullion, as well as the weight and quality of butcher's meat, that determines its real price or value in exchange.

It would then appear, after we have divested coined money of every consideration but what regards weight and fineness, that its principles in no respect differ when viewed generally, from the original practice which determined every transaction of exchange by weights, scales, and the crucible.

Perhaps there is no principle in the whole range of political economy which contributes more to a right apprehension of the nature and properties of money than that by which the influence between country and country, or between one country and another, is employed to determine the weight of legal coins and quality of the metal contained in them; and, therefore, a depreciated currency does not extend its effects beyond the state or states in which the fluctuation occurs.

CHAPTER III.

ON THE VALUE OF GOLD AND SILVER AS ARTICLES OF
MERCHANDISE.

SECTION I.

On the Principles that Regulate the universal Value of the Precious Metals considered as Merchandise.

NATURALLY, one day's labour, or the labour of a week or a year, everywhere maintains an equality of value, from having a constant tendency to do neither more nor less than exchange for that which will enable the labouring classes to gain a livelihood and keep up population for a corresponding period of time. Though labour and subsistence have a constant and universal tendency to exchange for equal values or quantities of each other, according to the customs, habits, and peculiarities of the labouring portion of any community, the labour of a day, a week, or a year, has no tendency to exchange for an equal quantity of the precious metals, either in different periods of time, or at the same time, among the inhabitants of the various regions of the earth. In the north of Scotland, in London, in France, and in India, the labouring classes usually exchange the labour of a year, for what enables them to subsist for a year; yet, in the north of Scotland, the medium price of a week's labour may be one ounce of fine silver, in London four ounces, in France one ounce and a half, and in India only one-fourth of an ounce.

If labour be everywhere a correct standard of value, the precious metals, at any immediate time, bear a value peculiar to each particular place. This brings us to the main question, what occasions the precious metals to differ so materially in value in different parts of the world and at the same time?

This difference in the value of the precious metals arises from two causes: First, natural productions, which are in extensive demand, abound in some places, and are either wanting or less easily procured in others. Secondly, the

productive powers of each individual labourer are greater in some parts of the world than in others. The variable value which the precious metals immediately bear in different countries, therefore, arises from the greater or less individual powers of productive labour in particular countries, and also in some parts of the same country than others.

Mr. Ricardo has very justly observed, in substance, "that the precious metals are subject to variation, from improvements made in the implements and machinery used in mining, or according as the facilities of bringing them to market may be increased, and that, in either of these cases, the metals would fall in value, and therefore exchange for a less quantity of other things. On the other hand, from the increasing difficulty of obtaining the metals, their value when compared with other things might be considerably increased; and, therefore, however honestly the coin of a country may conform to its standard, money made of gold and silver is still liable to fluctuations in value, not only to accidental and temporary, but to permanent and natural variations in the same manner as other commodities. The discovery of the American mines produced a very great effect on the natural value of the precious metals. It is probable, however, that all the effects on the value of the metals resulting from the discovery of America have long ceased; and *if any fall has of late years taken place in their value, it is to be attributed to improvements in the mode of working the mines.*"

Mr. Ricardo has also said, in substance, in another part of his work, that "improvements in arts and machinery would alter the distribution of the precious metals amongst the nations of the world, and tend to raise general prices in the country where the improvements took place." Had this able writer followed up the conclusion to which this view naturally leads, he would not have concluded, that the fall of the value of the precious metals of late years, if any has taken place, is to be attributed to improvements in working the mines, without adding that the improvements in arts, machinery, and the accumulation of capital, in most of the European states, but particularly in Great Britain, have also had a powerful tendency, by augmenting the powers of production, to draw a greater quantity of metals from the mines, and cause the value of gold and silver to fluctuate in an extraordinary degree, particularly if trade were freed from restrictions at one period, and shackled with them at another. The steam-engine, the spinning jenny, the power-loom, and the copper-plate roller of the calico printer, besides an infinite number of other mechanical inventions adopted in England, and un-

der a state of trade continually liable to changes from the measures of policy resorted to in peace and in war, were powerfully calculated to cause the most unaccountable fluctuations in the value of the precious metals, as articles of merchandise, and to render them a very imperfect standard of value in exchange. This is the natural conclusion of the very arguments used by Mr. Ricardo himself; instead of which he has argued that *if any fall* has of late years taken place in the value of gold and silver, *it is to be attributed to improvements in the working of the mines.* Mr. Ricardo, however, has by no means fallen into the erroneous views of those who seem to think that the price of corn regulates the price of labour; and that the price of labour must necessarily be high in a country highly taxed and burthened with a heavy national debt, for he distinctly says, that “taxation deprives the country in which it is imposed of some of the advantages attending skill, industry, and climate.” The natural conclusion to this remark is, that whenever taxes enter into the cost of productions that are usually sold in a foreign market, they will have a disposition to cause the price of labour to fall, or the value of money to rise.

It will generally be found that the precious metals are the least valuable, or are more limited in their command over the means of living, where the powers of productive labour are the greatest; and, on the contrary, their value or command over the means of living is usually the highest where the powers of individual labour are the lowest. The following circumstances occasion this change:—Greater powers of individual labour naturally draw around them a corresponding supply of the precious metals; while more limited powers of production must be contented with a more limited supply of those metals.

But though we find the labouring classes earning a greater quantity of the precious metals in some places than in others, the natural distribution of population thins the inhabitants where the powers of individual labour are low, and increases them where those powers are high; and in the end causes the less quantity of the precious metals earned by the labouring classes to command equal means of living with a greater quantity. Thus, one ounce of fine silver in the north of Scotland, may be as valuable to its possessor as four ounces of the same metal in London; because the one is supposed to maintain a labourer as well at the one place as four ounces in the other; and the sole cause of this variation in the value of silver arises from the abundance of provisions and other necessaries of life which great powers of production draw to London, and

their comparative scarcity in the north of Scotland, occasioned by the great limitation of those powers. For though the country around London be naturally fertile and highly cultivated, and the north of Scotland barren and ill cultivated, yet provisions are drawn from distant parts to the former place and sent off from the latter; and the fertile and highly cultivated district has a greater population than it can maintain, while the barren and ill-cultivated district has more provisions than population. On the other hand, change the powers of individual production,—let London become the less and the north of Scotland the greater, and the precious metals would be more valuable in London than in the north of Scotland, accompanied by such a relative change in the population as agreed with the new proportions which production and other political causes had assumed.

The people of England, owing to the great accumulation of capital invested in roads, canals, harbours, and docks, and in a great variety of work-tools, in buildings, ships, and a large stock of goods prepared for sale, together with unremitting industry, skill, and the advantages of co-operative labour, aided by steam and other powers,—rich in natural productions, in possession of a suitable climate, and an insular station, amidst the wealthiest nations of the world, have greater powers of production than any other nation on the face of the earth; and on this account the value of the precious metals, in their command over the means of living, is less here than in any other country. Again, that combination of causes which occasions a high price of labour in England, being much more effective in some parts of the country than in others, we find the wages of labour the highest where the powers of production are the greatest, and population in excess; while those wages are the lowest where the powers of production are the least, and population below what the provisions of the neighbourhood are capable of maintaining.

What determines this universal law in the value of the metals of coinage, is very obvious. Great powers of production draw towards them a greater proportionate share of those metals than more limited powers are capable of doing, in the same manner as a superior workman is usually paid higher wages than one of an inferior description. But in those parts of the world where the powers of production are high, either from natural or artificial causes, the great abundance of the metals of coinage, or high wages of labour, does not eventually empower the labouring classes to live better than those whose powers of production are low, accompanied by wages of labour at a corresponding rate; because population naturally

shrinks from the one, and advances towards the other, until the relative conditions of the weak and the powerful are equal. Thus a labourer who earns 30s. a week in London, where population is in excess, may not be enabled to live better than one who earns only 10s. a week in a distant part of the country, where the powers of manufacturing and commercial labour are defective, and a population below the provisions produced in the neighbourhood.

The principles on which the local values of the precious metals depend, are liable to numerous exceptions: all, however, may be referred to the same general law, namely, the relative circumstances under which the powers of individual production and the supply and demand of labour are placed; and though either the quantity of the metals of coinage circulated in particular places, or the paper money which represents them, might appear capable of being forced to assume an unnatural state of permanent relations, that is, the maintenance of either prices unnaturally low or unnaturally high; yet it is no more possible for such an event to happen than for the supply and demand of corn, cloth, iron, or any other article of merchandise, to be kept constantly either in excess or defect.

Productive labour, or the price of labour, is that which every country gives in exchange for the precious metals circulated as money, or the bank paper representing those metals. When that circulation is excessive, the prices of the commodities which are disposed of in foreign markets, will fall below those of the home market, with the expense of the transit added; and foreign sales will diminish and purchases advance, until that natural rate of prices return, which enables the merchant to bring in bullion at a rate equal to that which is exchanged for purchased goods. Indeed, if the metals of coinage be articles of merchandise as well as money, which they assuredly are, why should they not follow a law of exchange similar to that which regulates the value of any other article of merchandise? When two separate nations, employing equal capitals, send their productions to the same market, with equal freedom of sale, the value of those productions would necessarily be regulated by their comparative worth; and if one of these nations usually accomplished that by one day's labour, which cost the other two days labour, the price in the more highly productive nation would be precisely double that of the other; and the value of the precious metals, where high wages of labour were given, would amount to one-half the value, or command only one-half the means

of living which they would do in other countries, because population would rise up to the means of subsistence.

Rent, profits, and wages, form the items of expense that make the original cost of almost every commodity. Even these separate heads of cost resolve themselves into labour placed under different predicaments: 1st, That which is realised and immoveable, owing to its being invested in land, buildings, roads, canals, docks, harbours, mines, &c.; 2dly, The labour by which moveable commodities have been realised or acquired; and 3dly, Labour applied to immediate production. The price, or money value of the first two, is chiefly regulated by that of the third; for if the market price of labour either rise or fall, more money is required in the one case to accumulate and repair both immoveable and moveable capital, and less in the other. Since this circumstance regulates the supply of capital, it is the wages of labour expended in the production of those commodities that are sold abroad, and bring in the precious metals with which every country is supplied, that has few or no mines of its own, which regulate the money wages of labour at home; and, as a matter of course, the natural value of productions along with it, and the exchangeable value of money also. Suppose, by way of illustration, that a parcel of printed calicoes, manufactured in England, were sold in Germany for L.100, and that a parcel of calicoes printed in France were sold there for the same sum. If the L.100 obtained for English manufactures resolved itself into L.20 rent, L.30 profits, and L.50 wages of labour, divided among fifty work people; and if the L.100 received by the French merchant were allotted, L.15 to rent, L.25 to profits, and L.60 to the wages of labour, divided among one hundred and twenty work people, the weekly wages of English calico printers, measured in bullion, would be twice those of France, owing to the high productive powers of the one, and the low productive powers of the other. The main cause of powerful labour in the one country, and of its inferior efficiency in the other, might be chiefly attributed to the efficacious power of English capital, and its manifest inferiority in France, arising from a want of roads, fuel, canals, effective machinery, unskilful methods of conducting labour, and less individual industry. Yet ultimately the high wages of the English work people would enable them to live no better than Frenchmen. The natural effects would be, that English manufactures would increase to an amazing extent, population would multiply also, and, in proportion as provisions were required from a greater distance, the value of money would sink, until one pound would purchase as many

of the necessities of life in France as two pounds in England. A further consequence would be, the wages of labour in general would rise to twice those of France, and the expense of cultivating land would also rise, together with the price of corn; so that if one week's labour in France cost 6s. 6d. and a quarter of wheat 40s., one week's labour in England would cost 13s. and a quarter of wheat 80s. England, however, would be supplied with the metals of coinage at a cheap rate; while France, speaking comparatively, acquired them at a dear one. The former would, most probably, unless supplanted by some manufacture at home equally favoured, which is really the case, be enabled to purchase provisions abroad, and have more than ten times the amount of capital and hands employed in cotton manufactures, in consequence of her greater means for making purchases, and bringing home provisions and other necessities from a greater distance. The actual cheapness of rent and capital in England, though more in amount and dearness than in France, owing to their ineffective powers, claims our next attention. It might arise from one of two circumstances, or more probably both: 1st, The annual returns that arise from capital invested in what yielded rent and profits, or the interest of money, and the profits of its employment, might be lower; and 2dly, An equal amount of that money might purchase more effective implements, command cheaper means of carriage, fuel, and other powers of production. The high value of money in France might not therefore arise from less industry among the operative hands, but from those hands having to pay L.40 for those aids of production which cost the English hands L.50, and which were more than twice as powerful.

This brings us to those causes which occasion the value of money to be comparatively low in England and high in France. The former has by nature a better workshop for the fabrication of those articles of foreign trade that are exchanged abroad for the metals of coinage with which the country is supplied, than the latter has. The excellence of this workshop, and its fitting up, consist in an insular station, in an abundance of coal, a climate suited to industry and to manufactures. These natural advantages have occasioned superficial ones in the shape of buildings, roads, canals, &c. Since Great Britain possesses powerful means of production, she has acquired a greater abundance of capital, and can afford that capital for a lower rate of profits. Again, by carrying on manufactures upon a large scale, her machines are more perfect, and employed in larger co-operative combinations; and her hands are more industrious, skilful, and dexterous.

In one word, England possesses more powerful means of individual production than France, in the fabrication of those articles of trade which are received in exchange for the metals of coinage brought into the country. And as low wages are the surest sources for enabling us to meet competitors in a foreign market, and effecting profitable sales, so it is the great amount of foreign purchasers made by England, and the expenditure incurred, that keeps down the supply of money, produces cheap labour, though high in price, and forces foreign sales. The great amount of these sales, occasioned by corresponding purchases and expenditure, is one of the leading circumstances that have raised her powers of individual production, and caused high prices, or a fall in the value of money.

For though foreign purchases and expenditure be a continual drain upon the currency of a country, producing a scarcity of money, and occasioning low prices of labour, corn, manufactures, and other commodities, yet these very purchases and expenditure, by forcing more extensive sales, are finally the chief cause of high prices, by creating the multiplication of those powers of individual production on which high prices wholly depend. The money annually expended by Great Britain in the purchase of a variety of articles from abroad, in buying up foreign loans, in colonization, and other capital, and by our absentees among foreigners, prevents that natural accumulation of money at home which extensive sales occasion; and those high prices are prevented from occurring, that would naturally disable manufacturers and merchants from competing successfully with foreigners, and lead to those very sales that bring money into the country in even greater abundance than it is sent out of it. Indeed, no principle of commerce is more obvious, than that cheapness of production is a leading cause of extensive sales; and, therefore, were the abundance of money in any country to force prices up to an unnatural amount, the foreign demand for merchandise would diminish, money would come in less freely, and ultimately produce low prices.

It would, therefore, appear, that the application of the steam-engine, and other mechanical powers to our manufactures, has formed a leading cause of the high price of labour, and the low value of money among us. On the first introduction of mechanical improvements, it generally happens that either a peculiar class of people are thrown out of employment, or compelled to work at wages somewhat reduced. In the outset, those improved engines are few in number, the profits of using them high, and the wages of those who manage them

are considerably above the common level of the market of labour. In time, the cheapness of the articles they help to fabricate extends their use, and opens out a more extensive market for them. The old mode of supply is soon laid aside, more hands are employed, and the wages of labour considerably advanced. What with the expenditure of the new income derived from the use of capital in place of daily labour, and the higher wages of those who manage the various processes incident to machinery, more money is brought into the country, the demand for labour is greater, the prices of labour in general and of the articles it produces rise also, and the value of money falls in consequence of improved machinery, and greater powers of individual production.

Thus, even the labourers who are employed in the mines where the metals of coinage are obtained, may have considerably lower money wages than the labourers of states who are placed at a considerable distance, and have no mines of that description; because other articles of commerce, which the first possessors of those metals find it their interest to purchase, are produced by more effective powers of individual labour than are sufficient to pay for their production upon the spot, for the transit of those articles to those places where they are wanted, and also of the precious metals for which they are received in exchange.

SECTION II.

Concerning the circumstances which regulate the Value of the Metals of Coinage in any particular country, either as money or merchandise, which are indeed only different terms for that which is nearly the same in substance.

If the arguments maintained in the last section be founded in truth, it follows as a regular consequence, that the average earnings of those classes of labourers who contribute to the production of such articles of commerce as are usually sent abroad, and contribute to import the metals of coinage with which the country is supplied, must have a continual tendency to regulate the amount of the wages of labour paid to the producers of commodities disposed of in the home market, and supplied by native industry. For it is obvious, at whatever rate bullion is passing out of the country, the ultimate value of what remains will always be indicated by that which is coming in, because it regulates the rate of supply. But

the value of money at home may not immediately accommodate itself to the rate at which it is coming in, as the supply on hand may be more conformable to what has been formerly brought into the country and circulated. This is the more evident, when we reflect that though the rewards paid for the different sorts of labour have a continual tendency to equalise themselves according to the circumstances of the work done, yet that equality of reward is often the work of considerable time. Hands are best skilled in the business they have been accustomed to follow; and it is therefore the work of time and advantage which draws them from those businesses that are pursued in excess to those which are defectively supplied.

In Great Britain, from the year 1801 to the year 1807, the money earnings of those classes of labourers whose productions were in part sold to foreigners, and regulated the rate at which the country was supplied with bullion, were almost uniformly advancing. As the rate of the wages of purely home labours, and other home productions, were regulated by the quantity of money in circulation, so those home prices were at that time comparatively lower than such prices as depended upon the export trade; because the prices received by the one were regulated by the bullion obtained for their productions sold abroad, which exceeded the previous supply of the home market; and as money was then coming into the country at a quicker rate than it was passing out of it, so the amount in actual circulation was below the rate at which the supply was coming in, and could not rise up to that rate until money went as fast out of the country as it came into it.

Again, between the years 1808 and 1813, when the foreign trade of this country was interrupted by the consequences which arose out of the war, foreign purchases and expenditure sent money out of the country at a quicker rate than foreign trade brought it in; of course home prices were at that period higher than export prices. If money, therefore, be flowing into a country either at a quicker or slower rate than it is going out of it, the natural level of comparative prices will be destroyed, until both the foreign and the home trade is conducted by a circulating medium equally balanced. And indeed, since the year 1784, either the great improvements that have been made in machinery, the alterations that have occurred in the currency, or the results following from the late wars, have seldom or never permitted the prices paid for labour employed in the foreign and the purely home trade to assume an equal balance. It would therefore seem, that when money is coming into a country at a quicker rate than it is passing out of it, the reward of the labour employed in the

production of export articles of merchandise will be higher than that employed in producing those descriptions of merchandise which are wholly consumed at home; and the reverse takes place when money is going out faster than it is coming in.

At the time when improvements in machinery are advancing with great rapidity, there are commonly more improved machines demanded than can be supplied, as well as more hands who are acquainted with the management of them. And if the number of machines should in time exceed the demand, in consequence of the adoption of a restrictive policy by foreign states, or any other event affecting the supply of the foreign market, the proportionate supply of hands employed in foreign labour would be naturally excessive, while those engaged in preparing productions wholly consumed at home would correspond with that rate of supply and demand which a settled order of events had produced. It might also happen, and indeed frequently does happen, that when the foreign trades are increasing, the home trades are diminishing; and, on the contrary, when the foreign demand is interrupted, the supply of merchandise from abroad may also be interrupted.

The natural balance between the reward of export and import labour, as well as of profits, may differ from two causes: 1st, Mechanical improvements may occasion more money to be circulated in those branches of trade which bring money into a country, and comparatively less in those which send it out; and, 2dly, In consequence of the variable policy resorted to by foreign states, any former balance naturally adjusted between the supply and demand of export and import commerce being destroyed, may cause the quantity of money circulated in export and import commerce to assume unnatural proportions of price, or a disproportionate reward of the wages of labour, and the profits of capital. This subject is more fully considered in the following chapter.

The value of the metals of coinage are generally the lowest, where the powers of individual production are the greatest. They may, however, be high or low, where appearances of a very different character prevail. Their value is low in England, in consequence of that excessive population which high powers of manufacturing industry occasion. They are low in the Illinois States of America, from the abundance of corn produced in that country, and the deficiency of population in proportion to corn produced; while there is a great difficulty of purchasing several articles of manufacture. It is therefore evident, that the high and low value of these metals is not regulated by a deficient or excessive population, in proportion

to the provisions that may be had in any particular place, but by the cheap means of producing those articles of merchandise that are exchanged for the precious metals brought in, together with an expensive rate of procuring other things; and therefore it follows, as a rule which may be generally applied, that the metals of coinage are of the lowest value in countries carrying on a great extent of foreign commerce, and highest where foreign commerce is most limited; and, in proportion to the number of obstacles thrown in the way of foreign trade, the value of those metals may be expected to become higher. This is an inference which the reader ought to bear in mind in the practical application of political economy; because, whatever obstructs the importation of those articles which are naturally imported into any country where the population is in excess, has the effect of keeping prices low, by limiting the natural extent of those sales by which money can be procured from abroad. For it often happens, that, so far are monopolies from raising prices, that they chiefly contribute to reduce them.

CHAPTER IV.

THE PRINCIPLES OF THE VALUE OF THE PRECIOUS METALS ILLUSTRATED BY AN HISTORICAL VIEW OF THEIR VALUE IN ENGLAND AT DIFFERENT PERIODS OF TIME.

THE value of the metals of coinage is almost always liable to fluctuation both from general and particular causes. The first is chiefly influenced by the general supply and demand of the precious metals themselves, and the second by the variations that occur in the powers of production in particular countries, and the demand for those productions which are articles of foreign trade. If more productive mines are discovered, or if paper, or any other representative circulating medium, is substituted instead of the precious metals, the exchangeable value of these metals will naturally fall, unless counterbalanced by a corresponding augmentation in the demand for money. Again, the productive powers of labour

rise with the accumulation of capital, the division of labour, the application of co-operative industry, the advancement of skill and dexterity, and the discovery of more effective mechanical powers.

The value of gold and silver has fallen very considerably throughout Europe in general, within the last four centuries, from all these causes; and much more in England than any other state, owing to a greater comparative advancement in the powers of production. In cotton manufactures, for example, it is supposed that one man can fabricate as much cloth in the same time as three hundred could formerly.

The reader must here carefully bear in mind, that, while the acquirement of greater powers of production has tended to alter very considerably the value of gold and silver, as measures of exchangeable value, they have had no perceptible effect whatever in lowering the value either of a day's labour or a bushel of corn, as population has counteracted that cheapening of them which greater powers of labour would otherwise have occasioned. For, though (according to Tables, Nos. 8. and 9.) a labourer in husbandry, about the year 1810, could exchange the services of a week for about five times as much fine silver as he could towards the close of the fifteenth century, yet, according to these tables, he could exchange it for no more corn.

According to the table, No. 11, between the years 1150 and 1625, it would appear that an extraordinary degree of uniformity had prevailed in the exchange between labour and silver for each other; since, when we recollect the independent and uncertain manner in which accounts of old prices are handed down to us, and the variable denominations of our coinage within this period, such a uniformity of exchange between labour and silver not only gives us great confidence in the general accuracy of these accounts, but renders it difficult for us to distinguish at what periods the value of silver was either the highest or the lowest; and it is probable that results of a similar nature, at that time, prevailed throughout Europe at large. (Note F.)

In the year 1492 Columbus discovered the West Indies and America. This event occasioned a fall in the value of silver in two ways; *1st*, by augmenting the supply in a greater proportion than the demand, and *2dly*, in multiplying the powers of productive labour, by the natural effects that arise out of colonization and foreign trade. It is impossible to say what portion of this rise may be attributed to the former of these circumstances, and what to the latter; but the chief part may now be justly attributed to the enlarged powers of

labour which capital, industry, and skill, have conferred upon the European and transatlantic nations. Should foreign trade cease, the skill and capital employed in working the mines would be withdrawn, and the value of gold and silver would equal that which they formerly maintained; as we may readily perceive by their present value among those Asiatic nations who have, in a great measure, remained in the state of industry and wealth peculiar to former times.

We may conclude that the discovery of the western world at first produced very trifling effects. Neither the capital requisite to produce any great change was realized, nor the new supply of silver so readily brought to market. For, at the commencement of the seventeenth century, when America had been known upwards of one hundred years, the value of silver remained nearly unchanged.

But when capital, foreign trade, and the discovery of the rich mines of South America began to operate, they had the effect of producing a sudden fall in the value of gold and silver; and, in the course of a few years, about the commencement of the seventeenth century, it is very probable that their value fell cent per cent in most of the European states. It is natural to suppose, that as gold and silver were the chief commodities brought from the new world to Europe, a rapid fall in their value would occur from a great supply being thrown upon a market, the demands of which were but little augmented; and, besides, many of the European mines being suddenly laid aside as unprofitable, the first glut of the new supply being partly over, together with the new market, which the more prosperous state of Europe would occasion, appear to have caused a considerable rise in the value of gold and silver between the years 1680 and 1750, notwithstanding the introduction of bills of exchange within this period. See Table No. 11.

The measures resorted to by the British government in 1688 were hostile to the importation of foreign corn, and gave great encouragement to the exportation of corn grown at home. These measures probably contributed in part to raise the value of gold and silver, not only in England, but throughout Europe, by checking the national interchange of the produce of industry, and the multiplication of the powers of production, which tend to bring the precious metals to market in the greatest abundance. For as England is comparatively much better adapted for carrying on manufacturing industry than the raising of raw produce, so the corn laws of 1688 were not only calculated to injure herself and keep up the value of gold and silver, but also to occasion

similar results in those neighbouring states of Europe which have fewer natural advantages in the fabrication of manufactures. These laws therefore had the effect of checking those powers of production which bring the precious metals into England in greater abundance, and also into many of the neighbouring states of Europe, and were most probably at that time a cause of keeping down the value of almost every commodity except the metals of coinage. The reader will find this position more fully discussed under the head of Corn Laws, in the fourth division of this work.

The war which broke out in 1739, does not appear to have raised the price of labour and corn in this country, but the reverse. When war is accompanied by a flourishing state of trade and manufactures, the value of money will naturally fall, because foreign purchases and expenditure being increased, the powers of national production are augmented, and greater means of possessing that money are acquired. As this does not appear to have been the case in the war here alluded to, so the price both of labour and corn was probably somewhat lower in the ten years ending 1750, than in the ten years preceding 1740.

The export trade of this country, reckoned in the money of that day, is said to have decreased in value nearly 11 per cent in the first years of the war which broke out in 1739. Now, as a foreign expenditure was incurred in this war,—as trade brought in the precious metals more slowly than in peace,—and as it is very probable that the low state both of public and private credit had partly diminished the circulation of bank paper, so a fall of prices followed as a matter of course; and precisely agrees with the views here entertained on the manner in which the value of the precious metals are regulated.

The years of peace which succeeded 1748 were highly favourable to the colonial system of Great Britain, and to the improvement of its foreign trade. The accumulation of capital, along with the advancement of mechanical knowledge, brought money into the country more freely, and the prices of corn and labour necessarily rose.

In 1755 the country was again involved in foreign war. The Bank of England, which had not previously been allowed to issue notes below the value of L.20, was now permitted to issue L.10 notes. In the seven subsequent years the amount of notes in circulation was nearly doubled. This event of itself was not only calculated to lower the value of money, by giving a freer scope to transactions of business, but also by augmenting its general amount at home and

abroad. Though the foreign expenditure of this war probably amounted to upwards of L.60,000,000 sterling, yet the then prosperous state of manufactures and trade, along with an additional circulation of bank paper, caused a farther rise of prices between the years 1754 and 1763. Dr. Smith, in speaking of this period, observes: "Few people wanted money who had wherewithal to pay for it. The profits of foreign trade, indeed, were greater than usual during the whole war, but especially towards the end of it."

This period affords us the clearest evidence that the prosperous state of foreign trade, along with a war expenditure, and a freer issue of bank paper, raised the productive powers of individual labour, increased the demands of the market, brought money into the country faster than foreign purchases and a war expenditure sent it out, and occasioned a material fall in the value of money. It also most clearly shows, that an augmentation of imports, and also of a foreign expenditure, so far from lessening the quantity of money, when foreign markets are sufficiently open to the introduction of our manufactures, forces a greater amount of sales, and causes money to come into the country faster than it passes out of it.

Neither the return of peace in 1763, nor the important change which occurred in the exportation and importation of corn in 1765, was followed by a fall in the prices of corn and labour, the true standards of the value of money; on the contrary, the price of wheat, that, for the ten years ending 1764 averaged 33s. 4d. a quarter, in the ten years ending 1775 averaged 45s. 10d.; and a farm labourer in Cumberland, who earned 6s. a week in 1765, could, in 1766, earn 7s. a week. This rise could not therefore be attributed to a war expenditure, but to the development of mechanical powers, and the prosperous state of foreign trade, which brought money into the country, in remittances from abroad, in greater abundance than it was exported.

Now, it happens that, in this very period, the application of improved machinery to our cotton manufactures commenced, was gradually applied to other branches of our manufactures, and more extensive combinations of co-operative industry thereby produced. It deserves to be remarked too, that the fly-shuttle, an important improvement in the art of weaving, was first introduced about the year 1762. In proportion, therefore, as more powerful means of industry were adopted, and capital superseded the application of actual labour, foreign markets were extended, money came into the country more freely, and the prices of corn and labour rose,

notwithstanding the increased payments made for foreign corn and other merchandise, and the greater amount of circulation required by the augmented wealth of the country.

In the year 1774, the export trade of Great Britain amounted to L.17,288,487. In 1775, the American war commenced. In 1778, the export trade had diminished to L.12,252,890; and, in 1781, to L.11,332,296. The circumstances of this war, therefore, differed from that which preceded it, in commerce being obstructed instead of promoted; and nothing can prove more clearly the impulse of cause and effect on mechanical inventions, than that but few of our great improvements in machinery were made between the year 1775 and the close of the war in January 1783. This war, as might naturally be expected, was accompanied by no rise in the prices of corn and labour, which were rather inclined to fall than otherwise. War does not therefore occasion a rise of prices as a matter of course, but the reverse in case foreign trade be obstructed by it, and the importation of money prevented.

The peace of 1783 was followed by a rapid increase in foreign trade. In 1783, it amounted to L.14,681,495; in 1787, to L.18,296,166; and in 1792, to L.24,905,200. The steam-engine, which generates a power wherever that power can be applied under the most favourable circumstances, in respect to provisions, population, carriage, climate, cheap fuel, and other conveniences, began to be extensively employed in the various departments of co-operative industry within this period of time, accompanied by a rapid accumulation of capital, and improvements in machinery applied to manufactures. Greater powers of production, added to a free state of foreign market, again brought money into the country in greater abundance than it went out, and had the effect of raising the prices of corn and labour higher than ever. Obstructed as trade had been in the American war, the increased powers of production ceased for a season to bring money into the country faster than it went out of it; but when a free intercourse with foreign nations was re-established, we see money again brought in abundantly, and accompanied by a rise of prices, or a fall in the value of the metals of coinage.

Within the period of these peaceful years, besides additional powers of production acquired in Great Britain by accumulation of capital, the advancement of mechanical powers, and the manufacturing skill and dexterity, two other causes tended to diminish the value of money: 1st, An increase of

paper money; and *2dly*, More effective powers were applied to the working of the gold and silver mines.

The amount of the Bank of England paper in circulation had remained nearly the same between the close of the French war in 1763, and that of the American war in 1783. In 1792 the Bank of England had increased the issue of its paper in the proportion of 67 to 113; and it is probable that the paper of the country banks, together with bills of exchange, were augmented in a still greater proportion. In almost all the different states of Europe a greater amount of paper money was issued in this period; and in 1789 the French government began to circulate its assignats, which nearly displaced an abundant circulating medium, composed almost wholly of metallic money.

The capital employed in conducting the American mines, and the clothing, hardwares, and mechanical powers required by those who work the mines, are in a great measure supplied from Europe; and are ultimately advanced by those, though sometimes by a rout extremely circuitous, who receive the produce of the mines in return. A people who can produce the articles they exchange for gold and silver with the least labour naturally possess them in the greatest abundance. When the principles of conducting the coal mines of England were applied to the exploring of the American mines, and when the cheaper productions of England exchanged for the precious metals, already received by other foreign states, made their way to South America, bullion was not only demanded in greater abundance, but additional powers of production were imparted; *1st*, By a greater quantity of it being demanded, and which could then be afforded at a cheaper rate; *2dly*, By the application of more skill; and, *3dly*, By the miners being supplied with capital, clothing, hardwares, and machinery at a cheaper rate, which enabled them to live by less labour, and consequently afforded a greater quantity of bullion in exchange for the gold and silver now procured in much greater abundance. Here we have two distinct causes of the cheapened value of the metals of coinage; *1st*, The lowering of the value of what was already brought from the mines by the use of a paper substituted in its place, and *2dly*, By an additional supply being brought to market by more effective powers of individual production; each nation would then receive its proportion of gold and silver, or be enabled to create an amount of paper money in its place, according to the cheapness with which it could afford the commodities usually given in exchange for them.

While the rapid advance of manufacturing capital, knowledge, and skill, was in active progress in England, an increased issue of paper money was going on at home and abroad; and the gold and silver mines were worked with greater effect. In the month of January 1793 the revolutionary war between England and France broke out. The rapid advance in the trade and manufactures of Great Britain in 1792, and their flourishing state during the five preceding years had suddenly called forth a great demand for active capital, and augmented profits and credit to an extraordinary degree. The ferocious aspect assumed by the French revolutionists occasioned a general panic throughout Europe, the channels of commerce were for a moment deranged, and the preparative steps required on the breaking out of an extensive war created an immense demand for capital. A general dismay throughout Europe induced many people to hoard up money as a provision against the future disasters that threatened them; credit rapidly declined; paper money was diminished; a general want of money was the consequence; and in this state of trade, money, and credit, government required an immediate and enormous advance of new capital to carry on the war they had waged. Under a crowd of events bearing so rapidly and intimately upon each other, an extent of insolvency occurred in England this year more than double what had ever been previously known. The effects produced on prices or the value of money by these events, were, however, in a great measure confined to those branches of industry most immediately connected with foreign trade. The prices of corn and farm labour, and other descriptions of home industry were not affected in any perceptible degree; and therefore the misfortunes of this disastrous year fell almost exclusively upon the manufacturers and merchants.

Government, alarmed by the uncommon extent of insolvency in 1793, (the number of bankruptcies in that year amounted to 1304, while those of the preceding year were no more than 628,) by a seasonable issue of exchequer bills, allowing the Bank of England to circulate L.5 notes, instead of restricting them to L.10 notes and above, and by permitting the country bankers of England to issue L.1 instead of restricting them to the issue of L.5 notes and upwards, occasioned the replenishing of the channels of the circulating medium, and of speedily restoring the confidence of the country. In 1794 the number of bankruptcies were reduced to 691. The first panic being over, bullion was again partly drawn from its hoards, paper money circulated in

greater abundance than ever both at home and abroad; the German markets open to our manufactures and merchants, where they met with ready remittances from the foreign expenditure of government, caused a rapid development of mechanical powers, raised the prices of wages and corn, and the exports of the year 1796 to L.30,518,913. Here we see a train of results similar to those which occurred in the French war of 1755. The manufacturing, colonial, and commercial industry of the country was converted into the implements of war, and a greater amount of bank paper kept in circulation at a value nearly equal with that of metallic money. This may be partly attributed to the circulation of smaller bank notes, which naturally permit the circulation of a greater quantity of fictitious money, without occasioning a diminution of the value it represents.

In 1796, the paper money of France having fallen into general discredit, was entirely withdrawn from circulation. For a few years preceding this event, scarce a single Louis could be there seen in circulation. A considerable portion of them had evidently made their way into the circulating medium of other countries. In what manner then did France effect the recall of the gold coin she had disposed of abroad?

There would be a greater want of money for making foreign and home payments with. But as there would be no greater want of those articles of merchandise which she exported to other states, and as money had become more valuable at home, and foreign payments more difficult to make, export merchandise would naturally assume a higher value, articles of import a less value, and bullion would naturally flow more quickly into France for the various articles of her export industry. On the other hand, it would make its way out much more slowly in return for such general commodities as she had usually imported, and export profits would rise very rapidly, while profits derived from import commerce and the home trade would fall. These events would therefore be accompanied by a rise in the wages of labour employed in export industry; and the wages of labour dependant on the home trade would have a tendency to fall, because the importation of the metals of coinage were the chief articles of merchandise that France had a natural demand for. France would therefore dispose of a greater quantity of commodities abroad at a higher price, and she would purchase in return fewer commodities at a lower price, because bullion was that article of merchandise which she most wanted, and would naturally be drawn into France by the augmented value it had there assumed, and the compara-

tive diminution of value it had sustained in other countries. In other words, France was the most advantageous market at which bullion could be disposed of; which shows very clearly, that the more foreign payments any state has to make, the more advantageous it is to her export merchants and manufacturers. In reality, commodities are the real consideration by which foreign payments are made; and those who have such payments to make, purchase commodities indirectly from those who supply the demands of the export trade, and bestow upon the latter more ample means of the remittance of money home.

When France, by the processes of trade here detailed, recalled the bullion she had formerly exported, an immediate diminution was occasioned in the circulating medium of other countries. Bullion became more scarce—the prices of export commodities fell—the embarrassment of merchants and manufacturers was a natural consequence—the paper money in circulation was depreciated in value below the standard price of bullion—specie was required to pay the numerous armies kept on foot by the several belligerent powers—the French arms were eminently successful in Piedmont and in the north of Italy—a general panic throughout Europe induced people to hoard coined money—and early in 1797 cash payments at the Bank of England were restricted. In the same year, the government bank at Vienna adopted a similar course of proceeding.

The Bank of England being now empowered to issue L. 1 notes, and neither they nor the country bankers having any restraint put upon them by the demands of specie, the channels of currency were soon replenished with paper money, which occupied the place of the metallic money that was withdrawn from circulation in England, and transmitted to France to fill up the place of their totally discredited assignats. Proceedings of a similar tendency were resorted to, about this period, by most of the leading commercial states of the world. France was therefore enabled to recall her metallic money with more ease to herself, and without producing any disastrous effects upon those states whose coined money in circulation was rapidly diminished, owing to the precious metals already brought from the mines being thrown upon the market, the demands of which were narrowed in proportion as a greater quantity of paper money was circulated.

These measures produced a fall in the value of the metals of coinage in almost every country of the world. Nor did this fall in their value cease immediately. Many states con-

tinued to withdraw a greater amount of the precious metals from circulation, and were thereby empowered to issue more paper money, and to lower the value of gold and silver in a still greater proportion, without destroying the equality of value between the real and the substituted money. It was not, therefore, what occurred in any one country, in respect to increased issues of paper money, but a new rate of prices was established through an immense chain of commercial relations. France was in a great measure debarred from the traffic she had formerly carried on with other states; though the prices of her labour and corn continued at a low rate, yet she interfered very little with the high prices which prevailed in other countries. Great Britain, between the years 1787 and 1808, having made large purchases of foreign corn and other merchandise, and incurred a foreign expenditure to an unprecedented amount, made good the immensity of her foreign payments by the articles she gave in exchange, and these were produced by the application of more effectual mechanical powers, and greater industry and skill. In many branches of manufactures, the money-earnings of the operative hands were more than doubled, while the prices of the produce of their industry fell in an incredible proportion; cotton yarn, for instance, that sold for 38s. in 1786, could be bought for 6s. 9d. in 1807; which shows that the power of spinning cotton yarn was probably multiplied in this period ten fold. Notwithstanding the rapid and continual drain of money to which the country was then liable, its manufacturing, commercial, and shipping interest, in the possession of extensive markets at home and abroad, brought money in so abundantly, as not only to counterbalance all foreign payments, but to provide also for the augmented transactions of business, and also to make all payments at home in doubled prices. The causes that gave rise to these events may be classed under the following heads:

1st, Extensive foreign markets.

2dly, A great multiplication in the individual powers of those who produced the articles disposed of at these markets.

3dly, A gradual augmentation of paper money in most of the principal commercial states of the world.

4thly, The gold and silver mines of South America worked by the aid of more powerful machinery, and a greater amount of those metals brought to market annually than were lost or worn.

A farm labourer in Cumberland, (see Table, No. II. part 2.) who, in 1787, could earn weekly 1 oz. 5 dwt. 1 gr. of fine silver, could earn in a week 1 oz. 12 dwt. 4 gr. of the same in 1797; and 2 oz. 14 dwt. 3 gr. in the years 1807 and 1808. As the expense of cultivating arable ground rises with the cost of labour, so the natural price of corn necessarily rose in a ratio so nearly equal to labour as to be indeterminable. The causes of this fall in the value of the metals of coinage, or rise of prices, are so very evident as to require but little farther illustration. They originated in causes that produce effects somewhat similar in every branch of human industry. In proportion as the powers of individual production are raised, each person has naturally a greater command over articles of value. But in the instances for acquiring this command over the common necessities of life, population steps in, and wrenches from the labouring classes that abundance which greater powers of industry would have otherwise bestowed upon them; which is not the case with the metals of coinage. Neither their abundance nor scarcity has any effect either in multiplying or diminishing population; and therefore the money-earnings of each labourer have a tendency to rise, when individual labour acquires more efficient powers; but the labouring classes being able to command more money, are ultimately of no advantage to them, owing to the cause already assigned. It has, however, the effect of setting a greater number of people free from labour, either altogether or in part, by calling into action a more extensive capital, and thereby augmenting the amount of annual returns from rent and profits. But the labouring, as well as the wealthy classes of the community, in proportion as they earn more money, are able to purchase more of the embellishments of life, unless more productive mines be the sole cause which has brought down the value of money, for that would occasion no augmentation of solid wealth.

Towards the close of the year 1806, the successes of the French arms in Germany, empowered the rulers of that state to put in force the anti-commercial system they had long meditated. This proceeding broke the chain of events that had contributed so powerfully to lower the value of gold and silver in Great Britain. Our manufacturers and merchants were excluded from the extensive markets which had long been open to them on the continent of Europe: in consequence of which, the powerful means then applied to co-operative industry, instead of bringing money in as formerly, now glutted with goods every market that remained open to us. A part of the money transmitted abroad to make good

these foreign payments, which still continued to come against us, being no longer brought back again by our manufacturers and merchants, gradually drained the country of its bullion, and caused it to rise in value. The British government anticipated the evils this rise was calculated to produce, by keeping a sufficient amount of bank-paper in circulation. For though the amount of the circulating medium in 1809, and the five following years, in a great measure prevented the one pound Bank of England note from rising in value, or purchasing more corn and labour by lower prices, yet it did not prevent our manufacturing and mercantile commodities, part of which had formerly found a market on the continent of Europe, from falling in price to a most alarming extent.

A great amount of bank-paper, kept in circulation during the latter years of the war, did not, therefore, prevent gold and silver from rising in value very considerably, nor the price of manufactured goods from falling to a great extent; but it prevented any very perceptible decline in the price of farm labour, and other employments of a strictly domestic character. It may be said, corn rose in price. True; this was, however, not occasioned by more expensive cultivation, for that expense rather declined in amount than otherwise, but it was partly occasioned by being obstructed in making usual purchases abroad, and in a great degree by the repeated occurrence of unfavourable seasons; and, therefore, if the prices of corn were somewhat higher in the six years ending 1814, than they had been in 1807 and 1808, they were by no means to be ascribed to an excessive issue of bank-paper, but to a favourable season in the one instance, and to unfavourable seasons in the other, which are incidents not under the control of a circulating medium, however perfectly regulated. Perhaps in no period of our history was the currency regulated upon more free, judicious, just, and enlightened principles, than in the ten years ended 1814. Certainly the most gross injustice has been practised through the medium of the currency; but that injustice was accomplished prior to the year 1805, and subsequently to the year 1814; that is, prices were unjustly raised in the ten which preceded 1805, and unjustly brought down in the ten years subsequent to 1814.

The extensive purchases of foreign merchandise, and the great amount of foreign exports, the public expenditure in Spain, and other foreign states, which still continued in the six years subsequent to 1808, though the leading causes that raised the value of bullion, were nevertheless highly advantageous to the manufacturers and merchants: for, as it

is their business to bring money into the country, the more valuable that money is, the more advantageous it must be to those who have it to dispose of. For as their goods, from a more abundant supply than the market demanded, bore a low value, and money or bullion, the article into which these goods were converted, became more enhanced in value, sales were forced, the demand for labour kept up, and bank notes continued in active circulation, when they would otherwise have been nearly motionless, and fallen into general disuse, in a manner similar to the assignats of France in 1796. In that case, indeed, the value of bullion would have risen in England even in a greater proportion than it did; low prices both in bullion and its nominal amount would have forced sales, and given us a metallic circulating medium in spite of every obstacle opposed to it. But what would have been the consequence? The nominal price of manufactures and merchandise would have been still lower than they then were, insolvency would have been still greater than in that department, while that insolvency would have been ten times more extensive in the various branches of the home trade, occasioning general distress and dissatisfaction among the people, paralysing our national exertions, and rendering us an easy prey to the arms of Bonaparte.

Though the foreign payments of Great Britain, in the period here alluded to, and an extensive issue of paper not convertible into specie, had the effect of raising the nominal price of gold and silver, yet they not only sustained the just relations of our money contracts, but also saved the state from direct misfortunes, which a fall of prices would have produced. The gradual and important rise in the value of bullion, caused by the anticommercial system which commenced in 1807, was, therefore, counteracted by an increased issue of paper money, circulated at the nominal amount of money it represented, though, in reality, that amount was often from 30 to 40 per cent below its value in current money, or gold bars; and the high price of bullion which then prevailed, did not occasion a fall in the nominal value of the paper circulated, but marked the rise of the value of the metals of coinage as articles of merchandise. It is true, those metals were no longer the standard of value applied to contracts of time; and very justly so, as they had then become a false standard, owing to a vindictive foe having withdrawn from our manufactures and merchants a market, from whence they in part supplied the country with the metals of coinage in exchange for articles of merchandise. If, therefore, the standard of value, by which our money-con-

tracts were then determined, was purely abstract, and not referred to any acknowledged rule of law, it was, nevertheless, perfectly just and equitable, as the debtors repaid their creditors with all the value in labour which the latter had in most cases advanced, or expected to receive in return.

The disasters attendant on Bonaparte's Russian campaign in 1812, again presented to our industry and trade the extensive markets of the continent of Europe. With the recovery of this market, the pressing demands for money with which foreign payments were made having continued, our merchants and manufacturers, in the years 1813, 1814, and 1815, again found themselves in prosperous circumstances, as is clearly shown by the diminution of bankruptcies, (see table No. 23,) and the rapid rise in the weekly earnings of the operative cotton weaver. (See table, No. 14.) In 1814, Great Britain was eminently prosperous in every branch of its industry, whether agricultural, manufacturing, commercial, marine, or colonial. What occasioned this?

First, she was in possession of extensive markets.

Secondly, unrestricted issues of bank paper, and the demands of money to make foreign payments with, kept the price of gold at L.5, 2s. an ounce.

Thirdly, The almost unlimited extent of her productions, now finding an adequate market, imparted to her a more proud and powerful attitude than she had ever previously assumed.

The causes which led to this prosperity were therefore obvious and few in number, and are the more remarkable from occurring in that very year in which the revolutionary war terminated; a war of longer duration, more ominous in its events, of greater extent, and more expensive to Great Britain than any war that has been waged by the nations of modern times, or perhaps during any other period.

On the return of peace in 1814, the public expenditure abroad underwent a reduction; and as our export trade continued in a prosperous state, it soon began to bring money into the country much faster than it went out. This circumstance again brought down the price of bullion, though the amount of bank note circulation remained the same. The short peace which intervened differed very little from an armed neutrality. In the month of January 1815, the price of gold had fallen to 86s. 6d. an ounce. Of course, the nominal amount of every ounce of that metal, or its amount in bills, which the export trader remitted home in return for the proceeds of his sales, fell in an equal ratio; so that the remittance home of every sum of money received from

the continent of Europe, which was worth L.5, 2s. to him, had become worth only L.4, 6s. 6d. In the month of March following, Napoleon suddenly left Elba, and directed his steps towards Paris. This event immediately created a great demand for bullion; and, in the course of the month, gold rose to 94s. an ounce; and, in April, to 107s. an ounce. The memorable battle of Waterloo was fought in the month of June; gold was then at 104s. 1d. an ounce; in July it fell to 96s.; in November it had got down to 83s.; and, in December, to 82s. A period of peace had now in reality arrived; the foreign expenditure was reduced in the month of February; the legislature restricted the free importation of foreign corn into the home market; and as the export trade of the country continued to import money much faster than it went out, a general fall of prices was the result; and the number of bankruptcies which, in 1814, amounted to no more than 1066, in 1816 rose to the unprecedented number of 2031.

What change of events caused this sudden and overwhelming extent of embarrassment?

First, The foreign trader continued to export his usual quantity of merchandise, and to remit his proceeds home as formerly.

Secondly, The foreign expenditure of government was rapidly reduced.

Thirdly, The usual importations of foreign corn nearly ceased, and along with it a large amount of foreign payments.

Fourthly, Bank of England and provincial bank notes were withdrawn from circulation to an enormous extent, at the very time when their more extensive circulation was demanded.

A diminished circulation of paper money, the reduction of foreign payments both in the commercial and public departments, while the export trade remained the same, prevented the manufacturer and merchant from making his remittances home on equally favourable terms, and in the months of April, May, June, and July, 1816, brought down the price of goods, glutted every market with them both at home and abroad, and had the effect of reducing the prices of almost every article of export from 30 to 40 per cent. All capital stocks, held upon credit, or in the hands of a general or retail trader, underwent a like reduction of nominal value, and consigned property into the hands of assignees. An unfortunate attempt to return to cash payments at the Bank of England, and the ill-advised restriction of the importation of foreign corn, formed the leading features of a year more fatal to in-

dividual interests than any we have experienced in modern times. (Note G.)

The crop of 1816 was very deficient. In 1817 the importation of foreign grain was admitted under the regulations of the new corn laws. A greater amount of bank paper was thrown into circulation, and large sums of money were invested in foreign securities in this and the following year. These events were advantageous to the mercantile and manufacturing capitalists, as they were able to effect more sales, and to make their remittances of money home upon better terms. As a striking illustration of their improved condition towards the close of the year, the number of bankruptcies which amounted to 1020 in the first six months, in the last six months of the year were diminished to 555. Here again we find that the export trader was materially benefited by the increased amount of foreign payments, and a more liberal circulation of bank paper.

In the year 1818, all the prosperous circumstances of the six months preceding were repeated, so far as regarded the interests of the trading and farming classes of the people; but the dearness of provisions proved very oppressive to the labouring classes in general.

In 1819 the ports were again closed against the importation of foreign grain for home consumption, and the legislature resolved upon returning to cash payments at all hazards. The trading and farming classes of the community were again doomed to struggle against difficulties similar to those they had experienced in 1816; and a year of insolvency, to a fearful extent, was the consequence. In 1820, 1821, and 1822, the ports still continued closed against the importation of foreign grain. But the solid wealth and productive powers of the country having gradually thrown a great body of rich money lenders upon the money market, foreign investments were sought after and resorted to, and numerous absentees and emigrants, who were naturally forced out of the country by corn laws and cash payments, again increased the amount of foreign payments, and presented to our export traders ample means of remittances home. The operation of these causes, added to the natural tendency which trade has to adjust and regulate itself, has gradually diminished insolvency among the trading classes since 1819; and manufactures and trade have now assumed their wonted prosperity, by that expatriation of a part of the people, and of a part of our surplus capital, which imperfect views of commercial policy have effected.

A low value of money, or high prices, it would appear from the facts here adduced, is not a necessary consequence of war; for, though war necessarily occasions a great demand for labour, yet it does not raise the value of the last additional portion of it that is brought to market, since a rise in the price of labour causes a corresponding rise in the price of corn, and other provisions. But, when war is accompanied by the possession of extensive foreign markets, and a great foreign expenditure, the pressing demands on labour for war and commercial purposes have a tendency to improve the combinations of co-operative industry, to call into being a greater amount of capital, more efficient mechanical powers, and greater industry. The productive powers of each individual are multiplied, and foreign trade brings money into the country more rapidly than foreign payments take it out. But these events are not the necessary consequences of war, though it may and does on many occasions tend to augment the powers of labour, and bring in a more liberal supply of the metals of coinage. In the peace which followed the year 1763, the value of money fell very considerably: in the American war, its value remained nearly stationary: in the peace that followed, it again fell in value: and it actually rose during the progress of the war that broke out in 1739. In the French war of 1755, and in the revolutionary wars up to 1807, the value of money fell; but in the latter years of the revolutionary war, it rose in value full 30 per cent; for, in this period, though the price of farm labour fell in a very trifling proportion, as the market price of gold and silver rose to a great amount, so the price of farm labour measured in the metals of coinage fell very considerably. A full inquiry into the relations of war, and the value of money, shows that there is no necessary connexion between them; and that the value of money depends solely on the receipts and remittances of foreign payments. When more is paid than is received, money rises in value; when more is received than is paid, it falls in value. When money is coming into the country faster than it is going out of it, the wages of labour, and the profits of capital engaged in foreign trade, will exceed those whose labours and capital depend solely upon the home trade; and, on the other hand, when money is rising in value, a disproportionate share of it will be circulated among those who are connected with the export supply of commodities, and their reward will then be inferior to those connected with the home trade.

In the twenty years preceding the American war, manufacturers and export merchants were more prosperous than

farmers and home traders. During the American war, the relative condition of the former was less so than that of the latter. In the peace that followed, and up to 1807, as foreign trade generally brought money into the country faster than foreign purchases and expenditure carried it out, so the circumstances of the manufacturing and trading interests of the country were more favourable than those of the agricultural classes; because the additional money brought into the country, or its representative in bank paper, was naturally circulated in the one class before it could arrive at the other; and, besides additional importations of foreign grain, contributed to keep the prices of farm labour and farm produce disproportionately lower than the wages of operative labour employed in manufactures and trade.

After the promulgation of the Berlin and Milan decrees, the manufacturers and merchants being suddenly deprived of extensive markets on the continent of Europe, were unable to circulate a proportionate share of the money of the country; and, while all the various landed interests, from the labourer to the landlord, were in happy and prosperous circumstances, as in the year 1811, the operative manufacturers and traders, as well as capitalists, had to contend against famine and insolvency. In 1811, the average price of wheat was 94s. 6d. a quarter; and a farm labourer could purchase, with his weekly earnings, 41.3 quarts of that grain; while, in the same year, an operative cotton weaver could purchase only 20.1 quarts of wheat with his weekly earnings; and the bankrupt list rose from 804 in 1805, to 2000 in 1811. The cause is obvious: foreign markets, from which money had been brought into England, were closed against our manufacturing, trading, and shipping interests.

But, in 1814 and 1815, when the continental markets were again opened to the export classes, and foreign corn was again freely imported, a rate of prices nearly level was established among all the various classes of the community, with the exception of those whose monied engagements had been made for a limited time, debtors and creditors, for instance; and landlord and tenant. In the year 1816, more extensive distress and embarrassment prevailed than we have ever known; manufacturers, merchants, farmers, labourers, and debtors, felt a universal and simultaneous depression. The value of money having been brought to a level in the years 1813, 1814, and 1815, when the nominal price of gold was reduced by the subtraction of paper money, the diminution of the public expenditure abroad, and the enactment of prohibitory corn-laws, all the active ranks of the people felt the

pressure at once. Perhaps farm labourers in constant employment were in comfortable circumstances in 1816; and it is a curious fact, that the amount of their weekly earnings, measured in bullion, was actually higher in this year than it has been during any period since 1812. Two causes contributed to produce this event: 1st, The former nominal amount of their wages; and, secondly, the passing of the corn-laws. For had foreign corn been allowed to enter our markets freely, the level of prices would have been more preserved,—bullion would have gone out as usual for purchasing grain,—that would have kept up its price, and probably rendered it less easy to withdraw so many bank notes from circulation. Therefore, with gold as high as L.4, 15s. an ounce, which would probably have been the case, the monied events of 1816 would have been materially different, had the destructive corn-bill not been enacted. The distresses of the farmer, in 1816, were however more to be attributed to the low prices of grain in 1815, than any circumstances which occurred within the year; but it must be remarked, that the price of cattle was then low, which tended greatly to reduce the capital stock of the farmer, together with his credit. Now, as the low price of cattle was occasioned by the withdrawing of bank notes and the low price of bullion, it follows that the immediate effects of the corn-laws were highly detrimental to the farming interests themselves; for the low price of cattle in 1817, aggravated their difficulties still more, though, owing to the deficient crop of 1816, corn was then raised to the price of scarcity. The circumstances of 1817 and 1818, however, brought some relief to the country. But in 1819, parliament resolved to return to cash-payments at the Bank of England, in gold at the standard rate.

This proceeding having in the course of the year brought down the price of gold to a low rate, which was greatly facilitated by the ports closing against the importation of grain, the manufacturing and trading interests had again instantly to meet those difficulties which did not reach the landed interests, which were now thoroughly shielded by corn-laws, until the year 1822; and the views here maintained are very much confirmed by the average price of wheat declining in each year, from the year 1817 to the close of 1822; which stands thus: 1817, 94s. 9d. per quarter; 1818, 84s. 3d.; 1819, 73s. 4d.; 1820, 65s. 7d.; 1821, 54s. 5d.; and 1822, 43s. 3d. In the last four years of this period, the ports were closed against the importation of foreign grain for the use of the home market; and yet prices continued regularly to fall in each successive year. Why was this the case? Because operations on the currency reached the landed interest

by a slow process; while, judging from the bankrupt lists, the manufacturers and merchants were affected almost in an instant. For, while the price of corn was declining more and more in each successive year, the bankrupt lists, from 1819 to the close of 1822, were in each successive year less numerous. These facts are not only curious in themselves, but of great importance; and show very clearly that while the interests of one extensive class of the community are universally improving, another may deteriorate each successive year; and the improvements in the condition of the landed interests in 1823, are to be attributed to the export classes having brought money into the country in former years, which had now begun to diffuse itself more generally. In prosperity indeed, as well as in adversity, the general interests of the community have an unceasing tendency to assume uniform relations.

CHAPTER V.

ON THE FITNESS OF GOLD AS A MEASURE OF VALUE IN CONTRACTS OF TIME.

IF value in exchange corresponds with equal quantities of labour and subsistence, as has been concluded in the second chapter of the first part of this work, the facts stated in the preceding chapter would go to prove that gold, in a highly flourishing state of commerce, where national prosperity calls into action great improvements in mechanical powers, a rapid accumulation of capital, and considerable industry and skill, naturally becomes less valuable in proportion as an additional command over production is acquired, even though the annual produce of the gold mines remains the same. When we add to these the vicissitudes of peace and war, free trade on the one hand, and commerce restricted as much as possible on the other, and the greater and less quantities of bank-paper that are circulated by turns, any definite weight of standard gold, considering the accidents to which its value is liable, may become a very false measure of value

in exchange. There are two periods which prove the truth of this very clearly: 1st, The rapid fall in the exchangeable value of an ounce of gold between the years 1797 and 1807, (see Table, No. 12.) and a rise in its value equally rapid, between 1808 and 1813. Those who contend so strongly for the maintaining of a bullion standard of value, may be very properly asked, what would they have done in the five years which ended with 1813? Would they have withdrawn a considerable portion of bank-paper, and thus brought the market price of gold and paper to an equality, at L.3, 17s. 10d $\frac{1}{2}$. an ounce? Had they done so, may they not be asked, what would the consequences have been? These are difficult questions, and prove that a period in our history has arrived when we can no longer safely maintain an inviolable standard of bullion at all times.

Prior to that period of our history, in which foreign commerce, the bold display of mechanical genius, and the rapid accumulation of capital prevailed, namely, from the year 1150 to 1622, gold and silver formed an unexceptionable standard of value. (See Table, No. 11.) But in proportion as the discovery of America, ships, colonies, commerce, capital, mechanical powers, and bank-paper began to operate upon national industry, the precious metals became a more fluctuating standard of value in exchange, and indeed an inviolable adherence to them at a fixed price, one of the most dangerous expedients ever resorted to; since at best metallic money ought to be strictly considered as a measure of expediency.

Again, why should the value of monied contracts be influenced, as has been the case, by the mechanical ingenuity of an Arkwright, a Watt, or a Cartwright; or by the more mischievous policy of a Bonaparte, and the anti-commercial effects of our corn-laws?

But, to come more closely to the point, suppose we should lay aside the restrictive system adopted with respect to the importation of raw produce,—that our commercial relations with India should be quadrupled,—that South America should become free, and open out to Europe the infinite stores of traffic contained in the riches of her mines and the fertility of her soil,—that Great Britain should perfect her system of co-operative industry in all the variety of means which coal, mechanics, canals, roads, rail-ways, harbours, docks, &c. &c. present, it is not very improbable but that in the course of ten or twenty years the value of bullion may sink 100, 200, or 300 per cent. On the other hand, suppose some great political calamity to befall us, since it is impossible

to foresee future events, the precious metals may rise 50 per cent in value in a much shorter time. To these causes may be fairly added, the circulation of a greater or less amount of paper money, and that augmentation in the powers of productions which naturally flows from a prosperous state of commerce, and the multiplication of business.

An impartial view of the contingent events on which the value of our money depends, would seem to warrant an opinion, that we may expect as great, or even greater fluctuations in its future value than what have been experienced within the last thirty years. At the present moment, to go no further, we are laying the foundation of fluctuating values as general and sweeping in their effects as those which have been peculiar to late years. Mr. Peel, in the House of Commons, June 12, 1823, stated, that the earnings of operative weavers in 1816 and 1817 respectively, were 5s. 2d. and 4s. 3½d. per week; and that they had then risen to 10s. per week. That the spinners of cotton twist could then earn 20s., 28s., and 30s. per week; and silk weavers 16s.; wool-spinners 25s., and woollen weavers from 18s. to 21s. per week. Mr. Peel might have added that power-loom weavers, who are evidently working the greatest portion of the hand cotton weavers out of employment, and thereby giving a totally new direction to labour and capital, earned, on an average, about 20s. per week. Now, what is Mr. Peel attempting to prove? That prices are rising, and that the value of gold is rapidly on the decline; or, in other words, that any definite quantity of gold is a false standard of value. In proportion as our foreign trade assumes more natural channels, we may expect the price of manufacturing labour to rise still higher. But, admitting it remains as high as at present, will not the price of farm labour naturally rise in time to an equal rate of reward, or perhaps to 18s. per week? In that case, whether the trade in foreign corn were restricted or free, wheat could not be grown in England for less than 114s. per quarter, which would soon prove to be its average price. Therefore, the facts stated by Mr. Peel went directly to prove the inadequacy of gold to sustain a true standard of value in exchange.

To what cause are we to assign the uniform rate of farm labour during the American war? To the uniform value of the precious metals as an article of merchandise. What then are we to assign as the cause of the great fluctuations which the price of that sort of labour has sustained since the year 1817, but an increasing tendency in those metals to vary

in value? And it would appear that these circumstances have been chiefly owing to the development of mechanical powers, manufacturing skill and experience, and the fluctuations of paper money and trade. The precious metals never fell in value more rapidly than during the short peace which intervened between the first and second revolutionary wars. If, in this period, the productive powers of our manufactures brought bullion into the country abundantly, and lowered its value to a very considerable amount, why may not still greater powers of production, and a more free state of trade, particularly at a time when greater capital, more efficient machinery, and profound skill are about to be applied to the working of the American mines, again reduce the value of bullion in England to the condition in which it was placed in 1807, or even considerably lower? Because, under coincident circumstances, and these, too, possessing a more powerful tendency to import money into the country, it is probable enough that, were our corn laws repealed, the average price of wheat might, in the course of a few years, exceed L.6 a quarter.

To what, then, does an impartial investigation into the fitness of gold to measure the value of contracts of time lead? That, in the present fluctuating state of the world, it is totally inadequate to sustain that equality of value in monied engagements of time, which the contracting parties reciprocally intend should be held inviolable: and so far is it from preserving the first principles of equity and justice, that it insidiously commits an act of almost daily spoliation upon property.

By glancing at the fluctuations to which the price of labour, measured in bullion, has been liable since the year 1787, which can never occur but from an alteration in the value of the metals of coinage as articles of general merchandise, we may satisfy ourselves of the truth of the opinions here entertained. Indeed, Mr. Ricardo has laid it down as a sort of axiom, with the justness of which I fully coincide, that "gold and silver, like all other commodities, are valuable in proportion to the quantity of labour necessary to produce them and bring them to market." If, then, the last portion of produce, added to the general stock of any commodity, naturally does no more than provide the labourer and his family with the means of subsistence, and defray the charges of profits on the capital stock employed in its production, it follows that in proportion as more powerful means of production are applied to those manufactures which we

convert into gold abroad, so must the value of that metal, according to the canon laid down by Mr. Ricardo, have a tendency to fall.

Of all subjects brought before Parliament, none has been more frequently discussed than that of currency; and on almost every repeated discussion, it might be imagined that Parliament expected they had set the question at rest for ever. Why is this the case? They have not examined its principles to the bottom, nor formed just views, but have resorted to expedients, and renewed their discussions when measures of expediency demanded them.

CHAPTER VI.

ON AN IMPROVED CIRCULATING MEDIUM, WHICH WOULD PRESERVE A UNIFORM VALUE OF THE MONEY UNIT, AND THE EQUITABLE ADJUSTMENT OF CONTRACTS OF TIME.

SECTION I.

Showing the manner in which the Money System of England might have been rendered more equitable since the year 1688.

LABOUR is the true standard of value in exchange. Most of our political economists would seem occasionally to reason as if the natural market value of equal quantities of labour may rise or fall along with its supply and demand; and from such data, appear to conclude, that the annual earnings of farm labourers, measured in gold and silver, may rise in price in consequence of labour rising in value. This can never be the case to any perceptible amount. Corn and other provisions naturally rise in price co-incidental with labour. Therefore, a rise in the annual price of farm labourers wages is

not occasioned by an increase in the value of that labour, but by a variation in the value of gold and silver, chiefly because more enlarged means of production enable the labourer, not to command more of the natural wants of life, but of the metals of coinage, which confer upon him no additional benefit. If it be the business of a circulating medium to measure values in exchange, those values are not equal in consequence of representing equal quantities of bullion, but because they are able to purchase the daily labours of an equal number of labourers, or the services of an equal number of menial servants, whose diligence and attention are the same.

The fall in the prices of labour and corn that occurred between the years 1688 and 1750, was probably in a great measure occasioned, as it has already been contended, by the English corn laws, which were at variance with the first principles of commerce, and inimical to the introduction of improved machinery, which tends so essentially to bring money into the country. Had those laws not been passed in 1688, and trade, on the contrary, been more free and unrestricted, it is more than probable that the value of gold and silver would have fallen very considerably in this period instead of having risen. We may also be allowed to suspect that the Spanish government probably resorted to prohibitory measures, which obstructed the general diffusion of those metals in exchange for other articles of trade.

The commencement of the French war in 1755, it would seem, from the government giving permission to the Bank of England to circulate notes of a less value, was at first attended with considerable embarrassment among our merchants. Indeed, from the increase that took place in the bankrupt lists, there can be no doubt but it was so. Government having been induced to permit a freer circulation of paper money, and being unacquainted with true principles of a well-regulated currency, adopted measures which caused prices to rise instead of preventing them from falling, which we may suppose was their intention. Undoubtedly, they had then no design of altering the value of money, and of destroying the equitable adjustment of all monied contracts of time.

Now, suppose that the gold coin of the kingdom had been in pieces exactly a quarter of an ounce in weight, or 5 dwt. each; had these pieces been circulated at a less denomination, L.3, 16s. an ounce for instance, instead of L.3, 17s. 10½d. in proportion as the annual price of farm labour had a tendency to rise; it is obvious they would have preserved the value of the circulating medium, the equity of monied contracts, and prevented a rise in the average price of labour and corn.

Had this mode of proceeding been continued up to the commencement of the American war, no rise of prices would have occurred between 1755 and 1775, though the freest permission had been given to the circulation of bank notes, and coined money had been almost wholly withdrawn from circulation. During the American contest, the value of money remained nearly uniform, as neither the average price of corn nor the price of labour underwent any material alteration. In this period, the issues of bank paper were nearly uniform in amount.

On the commencement of the revolutionary war in 1793, mercantile affairs and credit were in circumstances similar to those of 1755, and were again followed by the same measures of expediency, the Bank of England being permitted to issue notes of a less value. For though all prices were then greatly raised above those of 1755, yet, as monied engagements were formed on a basis totally new, so the liberation of an increased amount of currency was just as requisite in the one case as the other. For it is an immediate diminution or augmentation of prices in which the errors of currency lie, and which causes property to be lost or gained by variations of the mere numerals of value, while value itself is unchanged. In 1793, however, when an additional amount of bank paper was thrown into circulation, instead of prices continuing to become lower than they had previously been, they gradually rose higher. For as government liberated a greater amount of paper money, which was not regulated by any just rule, they were unable to put in practice measures which would neither permit a rise or fall of prices, nor equally guard against the two extremes.

Again, in 1797, the false measures previously adopted in 1793 led the way to a practice still more erroneous. But, in 1809, when prices were again inclined to come down to a ruinous amount, the measures of expediency then acted upon by government were perfectly correct, as they did no more than sustain previous prices; and hence the circulating medium was regulated according to more enlightened principles than at any former period. Perhaps in 1755 and the following years, as well as in 1793 and 1797, and succeeding years, exchequer bills and government money of a similar description might have been kept within more narrow bounds, in proportion as other sorts of paper money became abundant, and thereby, in part, prevented the rise of prices occasioned by the circulation of smaller bank notes.

Immediately on the return of peace in 1815, government ought to have kept up prices by the continuance of foreign

payments as much as possible. But, on the contrary, they resorted to corn laws, and a diminution of bank paper, in order to force down the price of gold and silver. What was the consequence? Every ounce of gold, or the paper that represented it, which is the same thing, received by the manufacturers and merchants for the goods they exported to other countries, was instantly reduced in nominal value at home proportionate to the fall of its price. Along with this operation, the nominal value of all stocks in trade, composed of manufactures and foreign merchandise, shared a like fate; and, as might be expected, the number of bankruptcies increased with unparalleled rapidity. Government, who were the real cause of these disasters, but like all people who wish to cast the blame from themselves upon other people, attributed the embarrassment to unwarrantable speculation. Had government purchased gold at L.5 an ounce, continued a liberal issue of bank paper, and promoted free trade, there can now be no question but, by this time, gold might have been lowered to its standard rate, without either sustaining any loss upon the gold purchased, or suffering prices to fall; that is, they ought to have withdrawn paper, and lowered the price of bullion in proportion as the prosperous state of trade, capital, and mechanical powers, had a tendency to raise prices; which has been, and would have been still more exhibited, had safe and equitable modes of proceeding been adopted.

The measures resorted to in 1819 were equally erroneous; the circulating medium, instead of being extended, as ought to have been done, was contracted: bankruptcies were again more numerous, and excessive speculation again assigned as the cause of embarrassment. Conformably to the opinion here expressed, a great quantity of foreign corn was imported in 1818, a large amount of paper was kept in circulation, and the price of gold was $4\frac{1}{2}$ per cent above the standard rate. Bankruptcies were in that year less frequent than they have ever been since 1806. In 1819 an opposite course was pursued, and the number of bankruptcies increased 54 per cent; which may be wholly attributed to the injudicious measures of currency and trade then acted upon.

A plain view of actual events would, therefore, seem to point out the justice and propriety of augmenting the circulating medium when prices have a tendency to fall, and of diminishing it when they have a tendency to rise. There is always a direct mode of acting at hand. A greater or less amount of bank paper may always be forced out of or into circulation, as occasion may require, and to a given extent, without causing the price of gold to vary. It evidently does

not follow at all times, that an increase of bank paper will occasion a rise in the market rate of gold, since that depends upon the circumstance, whether the circulation of the paper money be carried to its greatest possible extent, which is seldom the case.

SECTION II.

On the Rule by which the Amount of Currency ought to be regulated.

THE chief obstacles which prevail in a well-regulated currency, are the incidental fluctuations to which the immediate market-values of exchangeable articles are liable. Provisions are the main want of our nature, and are, in a great measure, the cause of value: but though the demand naturally assumes a steady rate, the supply is so liable to the contingencies of seasons, as to yield a supply almost continually above or below what is annually demanded.

The metals of coinage evidently vary in value, and are as completely under the influence of the productive powers of labour as most other commodities, and as liable to deviate from the rule of value so justly laid down by Mr. Ricardo; namely, the rule which determines how much of one commodity shall be given in exchange for another, depends solely on the comparative quantity of labour expended on each. If a machine be invented which lessens the labour of manufacturing cloth, the labour applied to that machine will also have an inclination to command more gold and silver, but no greater amount of value.

Labour applied to manufactures, and also to the fabrication of the elegances, the embellishments, and the luxuries of life, fluctuates in value, from the variable nature both of the supply and the demand. These descriptions of labour being, therefore, subject to a number of variations, do not immediately present the necessary requisites of a correct standard of value. Corn, the metals of coinage, and labour applied to manufactures and other handicraft employment, being either subject to temporary incidents which affect the supply and demand, or to a gradual and insidious advance or decline of value, arising not only out of general operations, but also from the effects of local knowledge, convenience, the advance of mechanical powers, the free or the obstructed state of commerce, and the augmentation or diminution of paper money,

do not present the requisite basis of a currency equitably regulated.

The ANNUAL price of farm labour is infinitely less objectionable, as the basis of a well-regulated currency, than any other commodity, or set of commodities. Neither its supply nor demand is subject to temporary accidents. It is continually equalizing itself with the natural intensity of cultivation, the wants of population, and the expected demand and supply of the produce of the soil. The plentiful and the deficient supply of corn scarcely makes the least impression upon its market value, because it is regulated by a relation to labour, in general, on the one hand, and the necessary cultivation of the soil on the other. Besides, if our natural wants occasion value, and population constantly conform to subsistence, as farm labour goes to supply the one, and equals that supply with the demands of the other, so its intimate connexion with the origin of value, the uniformity of its demand, and the regular manner in which the supply is drawn forth, tend to qualify it more than any other commodity, as the most unerring standard to which value in exchange can be referred.

Its market price is by no means regulated by that of corn, for it is that price which regulates the natural price of corn itself, and conducts the intensity of the cultivation of the soil at a steady pace. If cultivation be too extensively carried on, pasture becomes preferable to tillage, and a due portion of land is drawn from the one and devoted to the other. Whenever cultivation becomes too limited, tillage is then more profitable than pasture, and a sufficient portion of land is ploughed up; and its demand is therefore regulated by the even and fine balance which at all times exists between land in a state of rest and that of tillage. The most enlightened agriculturists can inform the political economist, that, in determining what land shall remain at rest, and what in a state of culture, they never pay the least regard to the market-price of corn, but carry forward their husbandry in conformity to a succession of crops strictly adhered to, and previously determined upon. For it is well known, that few subjects have been more frequently discussed than the most profitable rotation of crops, and that, too, without ever considering what may be the deficient and abundant crops that intervene.

It is true, that the annual price of labour is liable to fluctuate. And why? Not because either its own intrinsic value, or its market value, fluctuates, but because gold and silver, the metals of which price is formed, vary in value. But this

very circumstance in the variable price of farm labour, is another cause of its fitness to perform the office of a standard, to which value may be securely referred. The variations to which its price is subject, are under the remote influence of the rate at which trade and foreign expenditure are either carrying the precious metals out of a country, or importing them. A glance over the weekly earnings of operative cotton weavers in each year, (see Table, No. 14.) and also of the weekly earnings of farm labourers, (see Table, No. 12.) are direct evidence of the truth of this remark. We find the former repeatedly rising in price during one year, and falling the next: but we never find it the case with the price of the latter, for it uniformly continues either regularly rising or falling for several years in succession. For we have the remarkable fact before us, that the annual money-earnings of a farm labourer never fell from the year 1750 to 1807, and kept regularly falling from 1810 to 1823. In 1824 it is evidently again on the advance, and may be expected, provided the prosperous state of our foreign trade continues, gradually to rise again in price for many successive years. These facts directly prove, that the annual market-price of farm labour is regulated by a slow, a steady, and remote cause, which is the previous rate at which trade and foreign expenditure have either brought more money into the country, or sent a portion of it to other countries. Every rise, therefore, or fall in the annual price of farm labour, is occasioned by the unfitness of gold and silver to perform the intended functions of a standard of value; and instead of farm labour being forced to assume different rates of prices, in conformity with gold and silver, farm labour ought to remain annually at an invariable price, and the price of gold and silver be made to conform to the fixed price of farm labour. This would be a true standard of value, and would preserve inviolably the equitable and just relations of monied engagements to the most distant periods of time. The more minutely we examine into the connexions on which natural and market values depend, the more thoroughly shall we be convinced, that the annual value of farm labour alone is well qualified to perform the office of a standard of value. (Note H.)

SECTION III.

On the Means we have of ascertaining the Annual Price of Farm-Labour with sufficient certainty.

THE chief circumstances that recommend the precious metals as the standard of value, and the instruments by which the exchange of commodities is carried on, is their durability, the certainty, and exactness, with which their weight and fineness are ascertained, and the slow and steady gradations by which their market value varies as articles of merchandise. But the actual circumstance of that value varying cent per cent in the course of a very few years, is of itself a very strong objection.

What recommends a year's farm labour as a rule to which the instruments of exchange may at all times be safely referred, is the uncommon evenness of its exchangeable value. In that respect it is more regular than any other commodity whatever. But there are two objections which may be made: It is difficult to apply it as a rule to which current values may be easily referred, and its annual price cannot be ascertained with the same exactness and certainty with which the weighing and assaying of coinage takes place. Notwithstanding these objections, it is now our business to show that it is infinitely preferable to gold and silver; since it can be easily applied, and is capable of securing the evenness of the value of a currency with infinitely more equity and justice than any definite quantity of metallic money. As perfection cannot be arrived at by any mode whatever, owing to the very constitution of the principles on which value depends, it is surely the wisest plan, and most agreeable to equity and justice, to be guided by their spirit and substance, in preference to definite forms, which destroy the very objects they propose to secure; and which not only render the whole range of mortified engagements a species of the very highest gambling and speculation, but shake the very foundations of that credit on which so much of the prosperity and happiness of states depend. It may be proper to remark, in this place, that a national standard of value is not a mere reference to particular but general contracts, and that, in fairness and equity, each particular contract ought to be regulated and adjusted in conformity with a rule of value perfectly generalized throughout the whole country, and at the same time according to the relations of the high and low prices peculiar to local situations,

so as to find their natural level. For if our manufacturing districts possess more powerful means of production than those which are purely agricultural in a prosperous state of the country, prices will naturally rise higher in the former than in the latter, from the better supply of money which superior powers of industry draw towards them from a distance. To propose that an equality of prices should prevail in the different districts of a country, would, therefore, be unnatural and injudicious. Indeed, the reader ought to bear in mind, that we are attempting to show that the currency was regulated according to principles nearly correct in the ten years preceding 1815; and that these are the precise principles we wish to introduce, to prevent the variation of prices in general by a due regulation of the quantity of money. If the annual price of labour rise, it is occasioned by the circulation of too much money. Whenever its price falls, there is too little money in circulation. And those who have proposed an adjustment of contracts between particular parties, lose sight altogether of those general principles which ought to determine every money operation. The utmost wisdom would be unable to comprise particular interests, in any other way than a general rule applying to all. To do otherwise, would be to institute measures destructive of the order and uniformity of that pure spirit of liberty which ought on every occasion to guide legislative measures.

Suppose, then, that the invariable price of farm labour be considered as the standard of value, it is not the earnings of any particular district to which we ought to look, for these depend upon peculiar incidents, but to the maintenance of a *general* price of farm labour annually, which neither rises nor falls.

An inquiry into the market-price of farm labour annually, is the only mode by which we can ascertain whether it has varied in price or remained steady. This ought to be done in every county of the kingdom, and a general average struck, according to the amount of the agricultural population in each division. Whenever the general average of this price had risen, when compared with that of the preceding year, it would be evident that too much money was in circulation; and, on the contrary, a fall of the price of farm labour would show there was too little. It may be urged as an objection to a currency regulated in this manner, that it is not well defined. True; but notwithstanding this leading defect, for such it certainly is, still it is infinitely more conformable to the intentions and objects of men than any definite metallic standard that can be devised; and though we see that this

very principle was acted on in the ten years preceding 1815, and actually enabled the country to avoid the most disastrous events, yet it was never referred to any known rule whatever. If the government managed the system through ten years of unusual difficulty, without any rule to guide them, how much more evenly might they have gone on, had the market price of farm labour been ascertained annually, and adopted as the rule which determined the excess or deficiency of the circulating medium?

But suppose, after great pains had been taken to ascertain the price of labour accurately, the averages were erroneous on the opposite extreme, and from excess of currency on one side, should occasion an excess on the other. By taking an account of the price of other sorts of labour in each year, it would soon be obvious whether the variation was warranted by the evidence of prices in general. Besides, to insure a steady mode of operation, 10 per cent of the annual variation might be struck off, for the purpose of giving more evenness to its results.

Though this system of currency may appear indefinite and inaccurate, it is infinitely to be preferred to a metallic standard for the reasons already assigned. If our affairs be bound up in a train of events, which preclude the adoption of any definite mode of proceeding, it is surely the wisest plan to pursue that system against which the fewest objections can be raised, and which conforms the most with the equity, justice, happiness, and security of men.

SECTION IV.

On a Variable Price of Gold and Silver conformable to a steady Price of Farm Labour.

WERE the medium price of labour invariable, or nearly so, the prices of gold and silver would rise or fall proportionately to that which the price of labour would have varied had the prices of gold and silver remained at a fixed rate. For it is the peculiar character of a standard of value to remain at the same price; and, conformably to this principle, the metals of coinage are circulated at a fixed price, and all other things left to fluctuate in price, coincident with market values, and according as gold and silver become more or less valuable in exchange. Under the present system of currency, therefore, every commodity except the precious metals rises

or falls in price from two causes, first, The peculiar state of the supply and demand of the market; and, secondly, From the metals of coinage varying in value, and their market price being limited by law to a fixed rate. Under the system of currency here proposed, commodities would rise and fall in price only from one cause, that of the supply and demand of the market, since it is supposed that the new standard would retain a uniform value in exchange, from year to year, and from age to age; and that in no future instance should we have the number of bankruptcies greatly augmented by an ill-regulated currency as in the years 1816, 1817, 1819, and 1820. It is true, that if the old system of currency had been adhered to in the years 1810, 1811, 1812, and 1813, our mercantile, manufacturing, shipping, and agricultural interests would not have experienced the embarrassments peculiar to the latter years. But what would have been the consequence? Complete national degradation in the first period.

Under the new system of currency it is proposed to retain the present system of bank notes; and to make those of the Bank of England the only legal tenders for all sums of money that amount to L.5 or upwards and for sums below L.5, tenders shall be made in gold or silver coin at the variable rate of currency established by the new system. In these points, however, the author wishes only to show that no unnecessary disturbance of the present currency is proposed. But the gold and silver coin should be in pieces either one-eighth, one-fourth, one-half, or one ounce in weight each; because, as the current price of these pieces would rise or fall in proportion as it became necessary to force a less or greater amount of Bank of England notes into circulation, so it would be desirable that their price should be kept in as even parts of unity as possible. The regulation of the new system is, that in whatever proportion the GENERAL and annual price of farm labour throughout the kingdom, has a tendency to rise or fall, that rise or fall shall be counteracted by a reverse rise or fall in the current price of the gold and silver coin.

In whatever proportion, therefore, labour had a general tendency to rise in price, gold and silver would fall to an equal amount, and thus cause the price of labour to remain the same; or, if labour should fall in price, it would be counteracted by a corresponding rise in the price of gold and silver.

So far as principles are concerned, the system here proposed bears an exact resemblance to the system of currency acted on during the ten years which preceded 1815; with this

difference only, that it is brought under the strict control of known principles, admitting of no variation in the value of current money; whereas, in these ten years, the currency was under no rule with which the public were acquainted. Possibly enough, the administration of that day were guided by a definite method. If this indeed were so, it proves the enlightened course of policy they adopted; and it is now sincerely to be regretted that they did not perpetuate a system which preserved the balance of our monied engagements throughout a period of more extraordinary difficulty in monied matters than any with which we are acquainted. For instance, a cotton weaver who could earn 4 dwt. 18 gr. of gold per week in 1807, in 1811 could earn no more than 1 dwt. 11 gr. of that metal in the same time; being very little more than one-fourth of his money earnings in the former year. This sweeping rise in the value of money, or fall in prices, was partly counteracted by the forced issue of bank paper, and the consequent rise of the price of bullion thus occasioned. It would probably be advisable to discard the gold coin from circulation almost entirely, and employ it chiefly as the grand corrector of the value of bank paper.

SECTION V.

On the Value that ought to form the basis of the New System of Money, and when it ought to be acted on.

IN 1819 it was proposed by the author of these pages that farm labour at 13s. 6d. per week, or wheat at 86s. per quarter, should be the future standard of the value of our money, or current Bank of England note. Probably, in the years 1820, 1821, and 1823, the basis of our monied contracts, and the rate at which foreign trade brought money into the country, would not have warranted a rate of prices so high; since land was bought, farms taken, and money borrowed, at a rate of prices considerably lower than this. But, in 1824, prices have again assumed a train of relations which would warrant 13s. 6d. a week to labour, and 86s. a quarter for wheat. Should we place any reliance on the statements of Mr. Peel, and they are entitled to our fullest consideration, it may even be assumed that this rate of prices is too low, and that we are fast approaching a period when we expect them to maintain a higher rate.

In 1819, 86s. a quarter for wheat were taken as the basis on account of that grain having sold about that price on an average of the twenty years preceding, and also nearly as high in the six preceding years.

Now, for the sake of illustration, suppose 13s. a week for labour be taken as the basis, and wheat at 80s. a quarter, since former prices and those we may expect in future would fully justify this rate of prices. Besides, in 1815, Parliament considered 86s. a quarter for wheat as a fair medium price, and that its market rate ought not to fall lower than 80s. a quarter.

An impartial view of past events would therefore warrant us in fixing the standard value of the new currency at from 80s. to 86s. a quarter for wheat and labour, which is proposed as the basis of the superstructure at a corresponding rate. The old arguments about the adjustment of each monied contract may be again urged, and also that the creditor would be defrauded. In answer to the first of these objections, a general regulation of money is all that can be admitted. A partial adjustment of contracts would be inequitable; and so far would the creditors be from sustaining injury, were this proposal acted upon, that the future value of their property would be faithfully protected, as I shall presently show.

Were the corn laws repealed, and Bank of England paper forced into circulation, so long as the price of gold would remain at L.3, 17s. 10½d. an ounce, the flourishing state of our export trade might be expected, in a few years, to raise again the medium price of labour to upwards of 13s. a week, and wheat to above 80s. a quarter. (Note I.) It would, therefore, be securing creditors against the occurrence of perhaps a much higher rate of prices, or fall in the value of their loans; and also protect their property from the losses and dangerous consequences incidental to a material rise in the value of the currency. Nor is it here proposed to do otherwise than pay every annuitant, creditor, and landlord, to the full letter of his bond, an ounce of standard gold, or paper which represents it, for every L.3, 17s. 10½d. owing them. These classes ought besides to recollect, that the expenses paid for labour employed in building, the purchase of those buildings, and their annual rental, are at present equal to wheat at from 80s. to 86s. a quarter. Nor is the purchasing of land and its annual rental at a much lower rate, if any; and the chief portion of the national debt was contracted during the late wars, a period in which the price of wheat averaged nearly 80s. a quarter.

These considerations would however show that the introduction of the new system of currency does not require to be immediately acted upon any further than is required by such preparative measures as may be most conducive to the end proposed; because we appear to be rapidly approaching a period when it may become necessary to reduce the price of gold below L.3, 17s. 10½d. an ounce. The true policy of the legislature at present, therefore, is to free trade, force bank-paper into circulation so long as gold does not rise above L.3, 17s. 10½d. an ounce, and to fix the price at which annual farm labour shall in future regulate the value of our current metallic and paper money. Suppose, indeed, that the freeing of trade had a tendency to diminish the prices of our export commodities, which might possibly happen, in that case it would be necessary the market price of gold should counteract a fall in the prices of those commodities when it occurred.

Precipitate measures are to be deprecated, and a regular succession of general prices preserved as much as possible. This can never be accomplished by ill-advised and hasty proceedings. Naturally, and on most occasions, though the metals of coinage are a very faithless standard in the measurement of equal values, they do not become erroneous on a sudden, but steal upon us so insidiously and unobserved, that we are not aware of the injustice they have inflicted individually until the time of an equitable adjustment has already past, and it is too late to interfere. The new system proposes to adjust the value of the currency by the agency of an unseen and remote operation, applied only when gold and silver have a tendency to vary in value; and as the progress of erroneous values is slow, so the corrective processes ought to be applied in a manner equally slow, and with extreme caution. Experience shows that the maintenance of equity and justice, and the happiness and prosperity of individuals, require the corrective principles here suggested; and the chief consideration to be observed is, in what manner can they be most judiciously and efficiently applied? At present prices are advancing towards the rate they maintained throughout the late revolutionary wars. But should they either rise higher than those prices were, or again begin to fall, the metals of coinage, instead of the prices of every thing else, ought to be so modified as to assume a variable rate of prices, according as the average price of labour had a tendency either to rise or fall.

SECTION VI.

A Summary View of the principles essential to the System of Currency here proposed.

THE natural and relative value of commodities is regulated by the quantity of labour they cost in producing the last addition to their supply which the market demands; and this demand is regulated by subsistence and population. The comparative estimates of these values are made in what are called prices. But it so happens, that however naturally adjusted values may be to each other, they are liable to vary in price, not because they vary in value, but because the general relations of prices are determined by a variable supply and demand of money, the counters, pledges, or instruments, through the medium of which universal exchanges are carried on and adjusted. This mode of estimating values is erroneous; and its defect arises from having either too few or too many of the counters called money. If the number of counters be diminished in proportion to any former amount of business which has been transacted, when compared with that which is at present to be transacted, prices will fall, though values remain comparatively the same; and an excessive augmentation of these counters will, on the other hand, cause prices to rise, without any rise whatever in real values. This is the precise defect which the system of currency here detailed proposes to correct, by causing equal natural values to be measured by equal prices, instead of equal values being measured as at present by variable prices.

Its principles therefore profess to regulate the quantity of money kept in circulation, in such a manner that its amount shall never be either deficient or excessive, and cause equal medium prices to represent equal values at all times.

1st, The annual price of farm labour, on an average of the united kingdom, shall remain as nearly as possible the same from one year to another.

2d, The market price of land, if the value of that land be equal, shall have a constant tendency to produce equal prices at all times.

3d, Equal rentals and equal annuities shall have a tendency to purchase equal means of living.

4th, The rental of land and buildings, while such land or

buildings continue of the same value, shall uniformly remain worth an equal amount of money.

5th, On an average of each fifteen or twenty years, notwithstanding favourable and unfavourable seasons, it is supposed that the natural price and the market price of corn nearly agree in amount, and correspond with the productive expenses laid out in bringing it to market. On an average, therefore, of each successive fifteen or twenty years, it is proposed that the market price of corn shall remain the same in amount; for instance, that the market rate of a quarter of wheat, on an average of each successive fifteen or twenty years, shall bring from 80s. to 86s. or any other standard rate the legislature may fix upon.

6th, The average rate of the annual earnings of the operative hands employed in manufactures and trade, depending in part upon foreign markets, shall have as little inclination either to rise or fall in the amount of money earned, as the nature of the supply and demand will allow of; and also without occasioning a rise or fall in the annual price of farm labour. For it may happen on such occasions as the promulgation of the Berlin and Milan decrees in 1807, and on the rapid development of foreign trade, that steady manufacturing wages of labour might cause a fluctuation in the annual price of farm labour; and, along with it, a corresponding rise or fall in the natural price of corn and other produce of the soil.

To accomplish the ends here contemplated, it is proposed,

1st, To vary the market rate of standard gold, by the forcible circulation of more or fewer bank notes in proportion as an equal amount of gold coin shall purchase either more or less farm labour annually. Therefore, if labour had a tendency to rise in price, or to produce a corresponding fall in the price of an ounce weight of standard gold, it would cause the annual price of farm labour to remain stationary; and, by a reverse operation, prevent the price of farm labour from falling whenever it had a tendency to do so.

2d, That the bank of England notes should be the only legal tenders for all sums of money, of or above L.5; and the amount of its issues determined by commissioners appointed to regulate the value of the currency under the provisions of an act of parliament passed for that purpose.

3d, It is proposed to ascertain the annual prices of farm labour throughout the united kingdom; also the annual earnings of the operative hands employed in manufactures partly

sent abroad, and thereby to regulate the amount of the circulating medium, according to its tendency to vary in value, measured in farm labour, and to anticipate its future inaccuracies in a great measure by carefully observing the occurrences incident to the earnings of operative manufacturers.

The difficulties in the way of the new system of currency are these:

1st, The price of labour cannot be ascertained with perfect accuracy.

2d, Small change is required, which can be most conveniently accomplished by the use of silver and copper coin; which would always occasion some little confusion whenever it became necessary to alter their current value. But no more difficulty would be felt on this head, than what was peculiar to the ten years preceding 1815, when a circulating medium, of a character similar to the one here proposed, was acted upon by government; namely, a currency which preserved the equity of every monied contract of time.

The old and the new systems of currency, therefore, stand thus: The former is often extremely inequitable and dangerous as a standard of value, but easily adhered to in practice; the latter would secure a regular succession in the values of monied engagements, but would be difficult to put in practice with perfect accuracy and uniformity. The desideratum of the one arises from the variation of its value in exchange; that of the other, from the constant attention it would require, and the difficulty of keeping it PERFECTLY true.

Here the arguments on which a perfect currency depend, so far as principles at least are concerned, may perhaps remain unchanged. Value DOES NOT originate out of uniform events. The value of the precious metals IS NOT REGULATED by the principles that give rise to value, but are liable to vary in value, in proportion as greater powers of labour procure them more abundantly; in proportion as substitutes are used in their stead, and according to the supply in which knowledge and capital bring them from the mines.

The problem therefore is, what is best to be done? Is it better to adhere to a system which can be precisely defined, but fails in deciding contracts of time according to uniform values? or is that system of currency to be preferred which decides contracts of time according to uniform values, without being accurately defined? The former mode preserves the appearances of equity and justice, without adhering to their true spirit. The latter would maintain their spirit, but would fail in appearances. As both these grand essentials of a perfect currency cannot be preserved, the author of

these pages decides in favour of that which preserves the spirit of justice and equity, but is wanting in appearances. Here we shall rest our arguments on this head for the present.

CHAPTER VII.

ON THE MARKET PRICE OF COMMODITIES.

THE market price of every commodity, except the metals of coinage, or the instruments of exchange, furnishes the rule to which the measurement even of value itself is subjected, as it is under the control of three distinct principles, all in operation at one and the same time: first, The natural value, which agrees with the cost of production; secondly, The market value, which is regulated by the immediate supply and demand of any commodity, and liable to vary according to the contingencies peculiar to the present state of any market; thirdly, The market price of commodities which is inclined to fluctuate, according to the fluctuating values of the money, or universal pledges which represent them.

Market prices being, therefore, determined by three distinct principles, all operating at the same time, and maintaining a continued action and reaction upon each other, occasion that complication of successive events which bewilders the political economist, and turns his speculations into an inextricable maze, until he unravels its bearings by the cautious application of analytical and synthetical reasoning. It is not only that natural prices are regulated by the cost of production, to which the ultimate medium prices of the market conform, but prices obtained in the market finally regulate the cost of production itself, and cause labour to assume that rate of prices which it is naturally worth, according to the supply and demand of the market, and the articles it produces. We shall now attempt to illustrate these principles. It ought, however, to be remembered, that, in speaking of prices, their measurement in gold and silver as articles of merchandise ought to be alluded to, and not the coined money of any particular state, as coins are nothing more than gold and silver in an acknowledged, weighed, and assayed form.

GENERAL MARKET PRICES

Are such as belong to the merchandise of the world at large. Manufactures, corn, and colonial produce; all partake of this character. Europe transmits her capital and industry to South America, and receives back the precious metals in exchange. A portion of the goods she sends out there is purchased of foreigners, and she must pay for the goods so purchased, according to the market prices. Now, as such proceedings evidently establish a general numeration of market prices, and thereby determine the real or represented amount in which the precious metals shall be portioned out among the various states and places of the world, so it is the general mart of merchandise that regulates the price of labour, and along with it the cost of production in each particular country and place. In the origin, then, the expenses of production laid out in labour and capital are regulated by the prices of the market; and the market having once determined the expenses of production, these prices then retain a future influence on the selling prices of the market, which is again subject to the changeable character assumed by the general market, and thus an unceasing and reciprocal action and reaction on prices is kept up between the expenses of production on the one hand, the supply and demand of the market on the other, and the rate at which the precious metals themselves are brought to market. This view takes it for granted, that a universal mart of the products of industry exists, and that the access of each particular country to such mart, and the powers of its productive industry at home, regulate the price of labour everywhere; and also along with it, the cost of production, as it is labour in various forms which produces the articles converted into money. Each particular country, therefore, being supplied with the money it possesses, or the representation of money in circulation, from the universal mart of the world, if it acquire greater powers of individual labour in producing the merchandise sent abroad, it will naturally cause money to become in this case more plentiful at home, and prices to rise. Or should it be partly, or altogether cut off from the universal mart; should it have no gold and silver mines of its own, a general stagnation of industry at home, without enjoying the means for obtaining a regular supply, would cause money to make its way out of the country, without a supply to replace it, and thus bring prices down to a comparatively low rate.

When Great Britain has therefore become possessed of the steam-engine, the spinning jenny, the power-loom, &c. &c. together with the capital she has accumulated in manufactures, machinery, and trade, along with the advantages she possesses in climate, coal, roads, canals, an insular situation, and which contribute to the cheap production of most of the articles given in exchange for the money of other countries, the price of labour becomes higher in great Britain than in other states. But as the price of that labour is regulated by the freedom with which productions have access to the universal mart of the world, by the immediate state of the demands of the mart itself, and by the new powers of production which capital and ingenuity are almost daily unfolding to an astonished world; so we see all the three distinct circumstances assigned as causes of the fluctuation of the market price of commodities, actively operating at the same time; counteracted, however, and held in equilibrium by the natural influence and relation to each other of labour, subsistence, population, and the produce of the soil. From the general regulation of prices, we may now descend to those particular prices which, though drawn within and dependent upon a sort of universal vortex, continue at the same time subject to peculiar and temporary incidents.

The reward of each particular sort of labour naturally adjusts itself to that of labour in general: so that if the universal mart of the world regulates the prices of labour employed in furnishing it with articles of merchandise, the price of every description of local labour will eventually be also regulated by the universal mart of the world. This difference, however, will occur, that the prices of the commodities produced by labour to supply the local or home market will have little or no natural influence on the cost of their production. For as it is the universal mart which regulates the price of labour in general, so mere local commodities are prevented from reacting upon the expense of production after the manner of the universal mart.

Thus, in Great Britain, corn is wholly raised for home or local purposes; while manufactures are partly produced to supply the universal mart of the world. The expenses of producing the latter are therefore regulated by the foreign market; while the expenses of the former regulate the natural prices of what is sent to market. For instance, an unfavourable season occurs, the market is inadequately supplied with corn, which raises its market price above the cost of production, or what it could otherwise have been afforded for. Such an event, however, would scarcely have any

effect whatever on the price of labour employed in producing a future supply of corn. 1st, Because the future supply and demand of corn is expected to again assume a regular form; and, 2dly, Because the price of the labour employed in raising it is regulated by the rate at which foreign trade has brought money into the country. Or should a season occur very favourable to the production of corn, its market price would fall below the cost of producing it; but as the annual cultivation of the soil would not be diminished, owing to the expectation of an adequate demand in future, the low price of corn would not cause labour to fall in price; and the annual price of farm labour would remain the same, unless it were acted upon by the remote influence of the universal mart of the world on other descriptions of labour.

In some cases, however, the market price of corn causes labour to rise or fall in price more quickly than might have happened had it been plentiful instead of being scarce, or the contrary. For, when labour has a natural tendency to rise in price, whether corn may be dear or cheap, a high price of corn forces the labourer to look more sharply after his interests, he sees those interests more promptly, and he raises the price of his labour more quickly than he would otherwise have done; and the reverse takes place, when corn is cheap, and labour has a natural tendency to fall in price. But should the annual price of a farm labourer have no natural inclination either to rise or fall, in that case, neither favourable nor unfavourable seasons would have any perceptible influence in causing that price to vary.

Perhaps, however, we may find this principle more clearly illustrated, in the price of the labour employed in raising coal in Northumberland and Cumberland for the London and Irish markets. The variable nature of winds, tides, and the temperature of the atmosphere, occasion the supply of coal sent from these places very frequently to fluctuate in price. But such fluctuation of their market price has no effect whatever in causing the prices of that labour which contributes to their production to fluctuate at the same time; and whenever the money earnings of the labourers employed in the coal mines either rise or fall in amount, it is owing to a rise or fall in the value of the currency, and not to any variation in the supply and demand of the coal taken to market.

The variable price of coal in the London market, and the steady rate of the wages of labour paid to the Northumberland coal miners, show that a variable supply and demand, of the market does not necessarily alter the price

of labour employed in producing articles of merchandise for that market; and as these principles apply in a similar manner to the relations maintained between the annual price of labour employed in agriculture, and the market rates of the produce of the soil, so a variable price of the latter has no influence in occasioning a variation in the price of the former. In the same way, corn like coal, though its market price may seldom agree exactly with the cost of production, yet its medium or natural price, every thing being considered, will agree with it as nearly as possible.

Though the natural and market value of labour employed in agriculture agree annually, owing to a uniformity of the annual supply, and of that sort of labour; yet agricultural labour, purchased for a single day, a week, or a month, is sometimes above and sometimes below the average rate of the year. This is occasioned by the variable demand peculiar to different seasons of the year. In winter agricultural labour is least in demand, and usually at a lower price than any other time of the year; in hay time and the corn harvest it is most in demand, and usually at the highest price. Here again we see a variable market price occasioned either by an accidental or periodical variation in the supply or the demand.

Annual farm labour being therefore more steady in its supply and demand than any other article, and regulated in its value by an intimate connexion with population and the produce of the soil, it is more admirably calculated for a measure of value in exchange than any other commodity or class of commodities. It besides holds a middle station between the natural price of corn, and the price of the labour employed in the fabrication of such productions as are wholly or in part converted into foreign money, and which ultimately decide the future value of money in the home market.

Perhaps the middle state in which the price of farm labour is placed, between the price of export labour on the one hand, and the price of farm produce on the other, may be of great importance, as by that means it becomes a medium link which connects the extreme departments of public wealth, and thus maintains a steady balance. For while its price is regulated by a process remarkably slow and sure in its operations, arising from the rate at which foreign trade has previously brought money into the country, and which immediately determines the cost of farm produce, it thereby causes the natural price of corn and other produce of the soil instantly to agree with it. This produce, however, being subject to an unceasing succession of temporary incidents, which,

from their nature, cannot be brought under complete control, is either continually advancing above its corresponding cost in labour, or declining below it. Farm labour, by thus maintaining a balance between the two great masses of our public wealth, is admirably calculated to perform the important service of a rule to which we may securely refer comparative values in exchange, and adopt it as a practical standard by which all abstract values may be accurately and equitably measured.

CHAPTER VIII.

ON THE SELF-ADJUSTING PRINCIPLES WHICH REGULATE THE GENERAL DISTRIBUTION OF NATIONAL WEALTH, AND WHICH TEND TO PROMOTE THE PERMANENT WELFARE OF THE PEOPLE AT LARGE.

SECTION I.

The general distribution of wealth is compressed by the accumulation of monied obligations,—and the manner in which this evil corrects itself.

It has been already shown, that consumption is essential to the formation of new income; and it would therefore follow, that national wealth can never be too generally diffused among the various ranks of the people, while that diffusion does not interrupt the collection of capital into masses sufficiently large to carry on the processes of production. Because it is natural to conclude, that the more generally public wealth is distributed among the people, the greater is the probability of consumption being kept up, and of new incomes being formed by those who produce the various articles consumed. Thus, in Great Britain, capitalists are more numerous than in any other country, and their individual fortunes are greater; and, to the influence of these two circumstances, we are in a great

measure indebted for an extended consumption, which gives rise to the formation of new income, promotes industry and productions, and excites that interchange of commodities for each other upon which wealth so essentially depends. Example is everywhere contagious; and the contagion of expensive habits has a disposition to spread itself along with the augmentation and general distribution of the means of spending; and these means, we have already seen, are coincident with the accumulation of capital, and the prosperous state of that foreign and domestic commerce which causes the division of labour.

Wealthy states naturally contain two very active descriptions of people. The one is busily employed in the dissipation of realised property and its income; and the other is equally busily employed in hoarding up, and collecting together what the other has squandered. This being the manner in which wealth is formed, it is obvious when the hoarders begin to press down the spendthrifts with the extent of monied obligations, the chief sources of national wealth would be diminished, were there not an inherent principle in society which adjusted the due relations and proportions of property and income, and repaired the destructive consequences of the accumulation of monied obligations, whether they respect active capitalists, or those whose sole time is spent in squandering away their property.

It would then appear, that though money loans may for a time accelerate the accumulation of national wealth, by enabling either the public or private individuals to extend consumption, and to stimulate production accordingly; yet in the end the credit of the spenders naturally becomes more limited, the demand for marketable articles is contracted, and the general diffusion of wealth is obstructed in proportion as money loans accumulate.

But this tendency is counteracted by a sort of self-adjusting principle, which is continually bringing loans to a settlement, and preparing the way for the formation of new ones, that again create a demand for industry, the accumulation of capital, and other effectual powers of labour.

The removal of monied obligations, it would therefore seem, is one of the principal causes of the permanency of public wealth, of the general diffusion of the means of spending, and of preserving the general happiness and harmony of states. Were it not for the influence of the self-adjusting principles of property, and the natural tendency to dissolution to which money loans are subject, they would put a stop to the demand of industry, remove the desire of consuming articles

which we are prompted to use from acquired habits, and carry back society to its primeval rudeness.

Could spendthrifts and government borrow money of the saving part of mankind indefinitely, without ever repaying it, public wealth would be continually stimulated by consumption, so far as demand gives encouragement to supply. But since a day of reckoning may be expected to come, when they shall be called on for the debts they have contracted, borrowing cannot be carried on indefinitely if the debtor has not the means of paying.

Besides, though it seldom or never happens in any actual state of society that consumption prevents the accumulation of capital, it is, however, obvious, if every one could spend what he chose, that capital would soon be destroyed, and the whole community reduced to a state of indigence. To remove the expectation of paying debts would therefore end in the annihilation of public wealth. While this expectation is kept up, though the reality may never take place, the dissolution of debts which are never paid does not diminish the general funds of the community, but contributes to multiply them by the expediture being enlarged, and that enlargement creating a corresponding degree of industry.

It would then seem, could a continual system of shaking off monied engagements be carried on indefinitely, without being perceived, wealth, which depends upon a general diffusion of the means and the desire of spending, would receive the greatest stimulus that the formation and dissolution of monied obligations can effect.

This view was exemplified by the actual state of the British Empire from the year 1791 till the year 1806. The rapid depreciation of the value of the money unit was continually dissolving all public and private debts, and other contracts of the country, by a secret process, very little understood at the time it was in operation. Suppose a spendthrift worth £20,000 in landed property in 1791 spent one half of his fortune in that year in extravagance, and that he gradually squandered away the other half between the years 1791 and 1806, without ever disposing of any of his land; as the first £10,000 he had spent would be worth £20,000 in 1806, he would still have one fourth of his estate left to spend, which probably enough might follow the fate of the other three fourths, with this difference: it might be drawn from the coffers of some rich hoarder by the silent influence of an artificial standard of value depreciated in real value cent per cent, and would set to work £10,000 worth of labour, instead of the barrenness of the miser's hoardings. But suppose the

miser had another L.10,000 lent at interest, say to different tradesmen, this sum lent to tradesmen might go to furnish the capital stock which went to supply the spendthrift with the various articles of his folly, and hence his fortune would be only dissipated that it might undergo reaccumulation in the hands of the active agents of society, and he would operate as the channel of the distribution of property, and of its general diffusion through the various ranks of the community.

The highest stimulus which the public wealth can receive, is thus carried on through the medium of an artificial standard of value, silently and imperceptibly depreciating in real or actual value, and the dissolution of money engagements dependent upon its regulations.

In further illustration of the manner in which these obligations dissolve, suppose we take the value of money in the years 1806 and 1812. The spendthrift who was worth L.20,000 in the former year, and had spent it all in the latter year, would be then a beggar. His property would be sold; it would pass into the hands of another, and the engagements he was under would all be dissolved, and perhaps prepare the way to a new train of dissipations and reaccumulations.

Suppose a spendthrift, worth L.15,000 in land in 1812, had dissipated his property in 1821; it would be all squandered away when he had wasted two-thirds of its value, or L.10,000. Still the monied engagements would dissolve when the property of the spendthrift was disposed of; and it might so happen, in the hands of a new proprietor, a second dissipation and reaccumulation might immediately succeed, and thus keep up the train of events incident to the squanderers of realised fortunes.

Upon general principles, property would have a greater tendency to dissipate and reaccumulate from the year 1791 to 1806, than from 1806 to 1812; and still less so from 1812 to 1821. In the first period of time, twenty-five portions of value would be turned over into the hands of active capitalists and the labouring classes, for every fifteen portions they obtained in the third period, namely, from 1812 to 1821. Property, however, would have a tendency to reaccumulate in the hands of savers, who contribute nothing to its distribution, for they are continually contracting it into few hands. Where the saver obtained only fifteen portions of value in the first period, he would get twenty-five in the third.

From 1791 to 1806, while the diffusion of public wealth was stimulated by the consequences of a current money unit,

depreciating in value cent per cent, the expenditure of government, through the medium of taxes and public loans, operated in producing similar effects. Hence that formidable attitude, aided by foreign commerce, which the British empire presented to the world in the latter of these years. For, it must be recollected, this diffusion could not be carried on, under the peculiar circumstances of that period, without producing a capital corresponding to the dissipation. The fund which supplied this waste of industry, and the accumulation of capital, was supported by the more effectual power of labour, arising out of the pressure of the general consumption of the public and of private individuals.

Though the movements of political economy, by which these results were produced, may have been imperfectly understood, yet the general effects are fully acknowledged. The Committee of the House of Commons, appointed to inquire into the agricultural distresses of the country in 1821, have made the following remark in their report. "However immense the expenditure of the last war was, it is impossible to view the vast private undertakings, BEGUN and COMPLETED during that war, in EVERY branch of industry, without feeling that those funds, by which alone the productive powers of the country can be put in motion, must have been greatly increased, and that the accumulation of national capital, however impaired by loans, or retarded by taxes, has, upon the whole, been large and progressive during that period."

Had the agricultural committee followed up the facts here stated with subsequent ones, they must have suspected the justness of their seeming influence, that the accumulation of national capital is impaired or retarded by loans and taxes. For the moment the two great stimulants of national wealth, loan and taxes, applied to war purposes, and a money unit depreciating in real value are withdrawn, the accumulation of capital is arrested, and we hear of nothing but farmers paying their rents out of the capital stock,—of manufacturers and merchants withdrawing their capital from business,—and of half-starved labourers in want of employment. The effective powers of labour are the funds out of which wealth is drawn. First, they supply the demands of consumption; secondly, they supply the work-tools by which more effective powers are acquired. The committee do not appear to have been aware, that consumption and reproduction are the great laws of nature by which the productive process is carried on. When the progress of the former is arrested, it experiences the same change in the latter also. The economy of nature, upon which the animal and vegetable kingdoms

depend, is perfectly analogous to the dissipation and reaccumulation of national wealth.

Though a money unit rising in value may check the distribution of annual income, and stop the progress of reaccumulation, yet, in time, many of the debtors become insolvent, their properties are disposed of, and divided among their creditors. At length the money unit naturally assumes a stationary value, and may again pass through a period of depreciation, old money obligations having naturally terminated with insolvency, and a race of wealthy proprietors succeed, who in their turn may be spendthrifts, the adjusting principles of public wealth rectify themselves, and a new train of dissipations and reaccumulation commences.

Though it does not follow that landed proprietors are the only people who dissipate their fortunes; yet they certainly have a much greater disposition to do so than the monied interest, who have fewer motives to draw them into the world and partake of its follies. Nor have the latter the same inducements to build, plant, and ornament pleasure grounds as the former. At any rate, the existing monied interest can never be said to be the great spendthrifts of the day. By way of security, they have an inclination to vest their money in land, which remains perfectly secure until it falls into the hands of a squanderer.

It would then seem that national wealth partly depends upon a sort of projectile force, which puts it in motion, diffuses it among those active agents of society, the employers of capital, and the labouring classes, who, in their turn, seldom permit its elements to remain at rest, but propel them forward with accelerated velocity. It is therefore pretty clear, that whatever impedes the motion of property in passing from the hands of those who possess it, without performing any services to those who acquire it by servitude in some way or other, either in the shape of labour or capital, is a check to its further accumulation; and were it not that monied obligations have a strong tendency to dissolve of themselves, and prepare the way for new ones, public wealth could hardly be carried on *ad infinitum*. But as this self-adjusting principle is inherent in the natural relations and usages of society, though its soothing influence may be obstructed for a time, if the civil institutions of a state can be preserved during these periods of public misery, it has a powerful tendency to reaction, and thus preserves the public prosperity.

The principles by which private loans naturally dissolve of themselves, when the current money unit happens to be sta-

tionary or rising in value, are materially different from those of a public nature. In public loans, what is the property pledged for their repayment? Is it the amount of public taxes which has been rated by Parliament for that purpose? or is it the usual proportion of the taxes devoted to that purpose, or the whole property of the country? Suppose it to be the last of these three descriptions of pledges, should the money unit rise in value, until the usual taxes could not possibly lead to any final or progressive dissolution, the property of the country would not change hands with the same ease which characterises private loans.

Hence private and public loans may dissolve of themselves upon similar principles, when the value of the current money unit undergoes a depreciation in value, as was the case between the years 1791 and 1806; in which period, the original public debt of 1791, estimated in equal quantities of labour, land, or produce, had diminished one-half.

Under the head of public revenue, in the third part of this work, the reader will find this subject treated of more at large.

SECTION II.

On the General Nature of this Self-Adjusting Principle.

LITTLE or nothing new is presented to political economists under this head. On the other hand, their most elaborate productions have gone to show that, however contingent circumstances may interfere, the final principles of public wealth will have a tendency to return to necessary relations and proportions; and that the funds which go to the maintenance of the whole community, though deranged for a time, will naturally rectify themselves. This is very true.

But as a continual train of temporary occurrences is in operation, a right understanding of the self-adjusting principles of wealth does no more than bring us back to the natural order and distribution of income, and prepare the way for the illustration of life as it is in the walks of common life. Natural principles, then, form the basis of every inquiry into the operations of public wealth. To stop there, is to give up the object of research at the outset. Indeed, were these natural principles sufficient of themselves to adjust and regulate the proper bearings of one sort of industry and of property upon each other, it would be a useless waste of time to dive in-

to a labyrinth of interests which would soon rectify themselves.

But it is far otherwise. From the year 1750 to the present time, the state of property and annual income in this country has been continually undulating, and presenting a train of effects, which, though they cannot be clearly understood and estimated without the application of natural principles, render political economy a useless science, if it can be called a science at all, without a full and clear investigation of their influence.

To tell us that every thing will rectify and regulate itself—that freedom of trade is sufficient to produce a harmony of interests—that, some how or other, there is nothing to fear from temporary difficulties—and that property lost by the industrious classes will be gained by a class of overgrown monied men, is to tell us nothing of the means by which we can prevent temporary derangements that may continue for an indefinite length of time.

Unquestionably income has a constant tendency to adjust itself, according to the natural order of relations; but it is equally certain, this natural order is liable to numerous and unceasing causes of interruption. It would then seem to be the aim and business of the political economist, to explain and illustrate the nature and effects of contingent occurrences, which are capable of control, rather than content himself with stopping short at the natural distribution of income, which cannot be interfered with.

The happy manner of generalisation adopted by Mr. Ricardo, has so bewitched many of our leading statesmen, that they appear to place implicit confidence in the only proposition deducible from his writings, namely, leave things to themselves and they will finally adjust themselves, without considering what extensive misery may occur during the progress of that adjustment.

In the transition from a contingent to a natural state many fallacious appearances may occur, particularly when the channels of trade are interrupted by new regulations. The corn laws are of this class. The produce of land forms a considerable portion of the annual wealth of the country—corn has formerly been a considerable import article of trade—these laws, formed upon a new basis, and new relations of price, as they at present operate, give the British farmer a monopoly of the home market, to the exclusion of foreign produce. Corn, by such means, becomes dearer to all the labouring classes engaged in foreign trade. This circumstance draws a disproportionate share of labour to agriculture, so

that the ultimate order of prices may be diverted from their natural relations for several years, though they cannot be prevented from attaining these natural relations in the end. Hence the adjustment of the price of one thing to another may be delayed for several years, and hold out appearances which cannot possibly be immediately realised.

SECTION III.

Further Remarks on the Manner in which the Losses of Active Capitalists adjust themselves when the Money unit is rapidly depreciating in Value.

IF equal quantities of labour be a correct standard of value, from year to year and from age to age, it would follow that the variable prices of farm labour, from the year 1730 to the present time (1824,) are nothing more than different names for an equal value: for if one week's labour in 1787 cost only 7s. and a week's labour in 1807 cost 15s. 6d.; 7s. in the one year would be precisely of the same value as 15s. 6d. in the other, or different terms of values which were perfectly equal; and those who either contracted debts in 1787, which were discharged in 1807, or entered upon leases in the former year which expired in the latter, would not be legally bound to pay quite one-half of the valuable consideration which the contracting parties intended should be paid.

This depreciation in the value of our current money naturally diffused the means of spending more extensively among the active classes of the people, enabled them to accumulate fortunes more easily, and stimulated them to produce marketable articles in greater abundance, to supply that enormous consumption which both government and private individuals demanded.

If the accumulation of public wealth were highly stimulated by exciting causes of an extraordinary character, between the years 1787 and 1807, reverse effects naturally followed that rise, which occurred in the value of the currency between the years 1810 and 1823, and more particularly in the disastrous year of 1816, when the nominal, not the real value of almost every article of merchandise connected with foreign trade, was reduced in price more than 25, and many articles as much as 40, and even 50 per cent. What marks this rise in the value of our currency the most decidedly is, the extraordinary fall that took place in the price of labour; since a

cotton weaver, who could earn 13s. 1d. per week in 1814, in 1816 could only earn 7s. 7d. per week: though the money wages of the farm labourer fell, in the same period, from 14s. to 12s. per week, they would have fallen much more had the corn bill not been passed in 1815. As might naturally be expected, this extraordinary operation on the currency, effected by forced measures, occasioned the most incredible extent of embarrassment and insolvency throughout the whole range of the active capitalists of the country, accompanied by a diminished demand for labour, and great distress among the labouring classes. Indeed, this disastrous year was marked by effects so striking as to be fully impressed upon the mind of every observing person. The operation has indeed by many been attributed to the transition from a state of war to that of peace. The chief cause was unquestionably the fall which occurred in the market price of bullion; gold having been 104s. an ounce in the month of June 1815, in the month of December following as low as 82s. an ounce; and this circumstance, in the course of a few months, hurried thousands of individuals from competency to beggary; for it is a remarkable fact, that the number of bankruptcies which, in the months of September and October 1815, averaged only 82 per month, in the succeeding three months averaged 135; and this was the lowest average of any three successive months up to August 1817. It was not, therefore, the transition from war to peace that caused this extensive embarrassment, but an ill-regulated currency, which, in a few months, brought down the price of articles of merchandise upwards of 25 per cent in bank notes, even though their bullion price in the foreign market was the same. We now come to speak of the manner in which this extensive train of embarrassment adjusted itself.

The real wealth of a country is comprised of various substances of value-yielding annual rent and profits. It is of no consequence to the general welfare of the state in what manner these are distributed among the several classes of the people, so that their distribution neither interrupt the regular consumption of income and property, nor those productive powers which supply the demand of consumers. For as these ought to go on hand in hand, reciprocally acting and reacting upon each other, it is of great importance that this connexion between them should move on according to a regular series of events, which continually calls forth new capital, and that additional consumption which the products of capital bring to market. The events of 1816 interrupted this reciprocity of interests, by an important class of consumers

being suddenly deprived of the means of spending that which they had formerly enjoyed; for, at the time when property was rapidly changing hands by an unseen process, we may suppose that neither consumption nor production would move on in that regular course which the natural adjustment of society had produced; and hence people began to declare that the war had brought on a state of exhaustion, at the very moment when the interruption of the regular consumption or demand of commodities, and consequent superabundance formed the chief cause of embarrassment. For the fact was neither more nor less than this: the means of producing and consuming were suddenly wrested from the hands of active individuals, and placed in new hands, who neither knew the art of production nor had been habituated to consumption.

But that which could not be accomplished on the issue of the moment, time and circumstances adjusted. A sudden burst of emigration took off the surplus labour with which the market of labour was supplied; and when the new possessors of wealth found that the means of spending had really fallen into their hands, the channels of consumption resumed their wonted course. For, in proportion as insolvency spread its destructive influence, the real substance of wealth changed hands; and though this change occasioned a good deal of confusion, yet in time the people, in a collective capacity, resumed their wonted habits; and while an extraordinary change of property and income had occurred, yet, in the end, a new race of people resumed the places of those who had been ruined, just as completely as if the latter had been numbered among the dead. The ruined merchant, manufacturer, and farmer, were succeeded by a new race of individuals, who traded, manufactured, and cultivated the ground in their places; and became spenders to a corresponding amount. Nothing can show more clearly the powerful tendency which wealth has to adjust and regulate its influence, than that the number of bankruptcies in 1818 had diminished to 997. This diminution in their numbers may, however, be partly attributed to a rise in the price of bullion, when compared with the year 1817, and to large importation of foreign corn, which enabled the manufacturers and merchants to make their remittances of money home from foreign countries upon advantageous terms.

Suppose that the arguments here maintained, with respect to the transactions of the years 1816, 1817, and 1818, were a mere theory; yet these arguments are strongly confirmed when we examine what has transpired since the year 1818.

If bringing down the price of bullion from 104s. an ounce in 1815 to 82s. and finally to 79s. an ounce, and passing the corn bill in the year 1815, multiplied the number of bankruptcies from 1066 in 1814 to 2031 in 1816, it was equally striking that, by the forcibly withdrawing of Bank of England paper in 1819, bringing down the price of bullion from L.4, 2s. an ounce to L.3, 17s. 10½d., and closing the ports against the importation of foreign grain for home consumption, produced 1541 bankruptcies in 1819. But the same self-adjusting principles which are inherently fixed in the social fabric, have exhibited an annual diminution of bankruptcies since that disastrous year.

So far our arguments apply more particularly to the trading and manufacturing interests. We now come to speak more particularly of the landed interests. After the same manner in which the property of the former classes is handed over to new owners, land and farming stock fall into new hands, and the work of production, and the investment of new capital in the soil, are scarcely arrested for a single moment by the misfortunes of those who have been deprived of their property by the operations of an ill-regulated currency. We have, indeed, seen numerous instances in which a new capital has been more liberally invested in the soil, when the successful and wealthy merchant became possessed of land which had long been in the possession of a needy landowner, whose ideas had been shut up in his own ignorance and fancied self-importance.

Production is the chief business of the farmer, whether he be a tenant at rackrent or the owner of the soil; and rent does not make the least difference to the productive processes of farming, except that the former has not the same inducement to invest a new capital in the permanent improvement of land. Annual rent is paid for the loan of land, or the implement of production; and though that implement may, and frequently does cost more than it is really worth, yet it does not make the least difference to the policy or impolicy of laying out money in those expenses which contribute to annual production. Rent is an unproductive payment. What is laid out in labour, wear and tear, seed, and horse provender, are those expenses which contribute to the actual cost of annual production, since they are the only expenses which conduce to augment the annual returns of the soil. Simple and obvious as this principle is, yet we seldom meet with any one who has a clear view of what the cost of production really means.

Though the tenantry of the United Kingdom have been almost uniformly struggling against severe losses ever since the year 1813, they have never been induced to slacken the good management of the soil, but have, on the other hand, conducted it with more spirit than in any former period of time. And notwithstanding the lamentable fact, that thousands of industrious and worthy individuals have lost their all in this important pursuit, there has been no want of a sufficient extent of cultivation: but, on the other hand, the low price of labour, the abundance of capital in the kingdom, which a system of monopolies has thrown upon the market, and the delusive expectations which the corn laws have held out to the farming interest, have insured abundant returns of agricultural produce, though successive races of those who have raised that produce have been thereby ruined. No sooner do we see a tenant's stock sold off, and himself reduced to beggary, than we see his place occupied by a new tenant, who often carries on his farming operations with infinitely more spirit than his predecessor. The tenantry of the United Kingdom are unquestionably a most meritorious body of men, and worthy of much higher consideration and esteem than most of our landowners are willing to acknowledge. The constant losses they have been liable to during the last ten years, have not, however, for one moment, interrupted the sufficient cultivation of the soil; and their misfortunes have been found, in a practical point of view, to interrupt the wellbeing of the community in so trifling a degree, that they are frequently consigned to beggary without the least compassion from those labourers who gained a livelihood under them, or from those very landlords whom their care and industry have enabled to live, and enjoy in splendid elegance all the conveniences and luxuries of life.

However much we may deplore the losses and misfortunes of active industry and spirited intelligence, an examination of the self-adjusting principles which regulate the permanent interests and relations of social life, shows that the most sweeping embarrassment may visit one part of the community without destroying that elasticity and vigour upon which the wellbeing of the people at large ultimately depends. Within the last sixteen years, the manufacturing, the mercantile, the marine, and agricultural interests of Great Britain, have, considered individually, experienced the most unparalleled and fatal reverses, and the empire continues to be sound at its core. When, however, we reflect upon the dangers attendant on this immense fluctuation of property, the heart-rending scenes it produces, and the anxiety and misery thus needlessly entailed upon our race, surely it is full time to

listen to the voice of reason, equity, and humanity; and to put forth our best endeavours to establish a circulating medium, by which industrious and provident individuals may be secured of that confidence, happiness, and enjoyment in life which they richly merit. The author of these pages has no hesitation in saying, that though we cannot possess a perfect currency, yet we may introduce one infinitely superior to that which we now have.

In all our remarks on political economy, it ought never to be forgotten, that we are simply taking into consideration abstract principles which invariably require some allowance to be made on the same ground as friction, &c. must be taken into consideration in mechanical science. There are, however, no classes of the community where reciprocity of feeling is more required than in the landed interest. The prosperity of an estate depends wholly on the judicious rotation of cropping adopted by the tenant, from which he is sometimes compelled to deviate, where the rental is too high, and thus lasting injury frequently ensues to the farm itself. The simple principle of justice to the tenant, who never ought to be compelled to pay his rent, as thousands of industrious farmers have been, from his moveable capital, would prevent this ruin, and insure a succession of noble independent characters, equally remote from cringing servility and haughty insolence. What greater honour, what more dignified self-congratulation can any of our large landed proprietors enjoy than that which springs from a numerous tenantry, who have, in a long line of ancestors, occupied the same estates, and grown rich under the wings of wealth and power? Whether was the conduct of Lord Rodney's tenantry, when they simultaneously advanced him, in a certain pecuniary difficulty, L.20,000, more honourable to himself or to his tenants? What stronger instance can be adduced to show that they felt grateful for the blessings which they enjoyed under him, and no victory of this distinguished admiral could have afforded him more pleasure than such a tribute of affection?

It is with feelings of the most steady pleasure that we reflect on those landlords who have afforded the most unequivocal proofs of their just sense of the value of their tenantry, by making an adequate reduction, securing by such a measure the improvements of their estates as well as the prosperity of the farmers. The system of land-valuing has contributed in no small measure to weaken the bonds of reciprocal attachment, which united for many successive generations the farmer and the landlord, and has introduced a principle of selfish calculation, screwed to the utmost pound by private pro-

posals, crushing at once all these ennobling and heart expanding emotions which the kind smiles of a liberal and affectionate proprietor invariably excite. What, we may ask, has been substituted in the place of that scene of happiness with which kind landlords present us? Rack-rents the most oppressive,—the sale of the last plough and last harrow, which had never failed to be employed with the greatest skill and industry, in improving the estate on which the tenant had expended his all,—the claims of legal processes, seizing as a prey that which the landlord could not claim, while a whole family is often turned adrift by the descendants of those very ancestors, whose greatest glory consisted in the comforts of their tenantry. A remark which has been attributed to a noble earl, intimately connected with the counties of Cumberland and Westmoreland, ought never to be lost sight of by our great landed proprietors; “it will never do,” said he, “to break down my tenantry.” It is equally gratifying to reflect that the treatment of his tenantry, by the nobleman here alluded to, has uniformly coincided with this generous sentiment.

CHAPTER IX.

ON FOREIGN EXCHANGES.

FOREIGN EXCHANGES is the difference of value exhibited in the amount of bills of exchange between one country and another. A bill of exchange is expected to represent an equal weight and fineness of the coined money of that country in the name of which it is drawn; and is therefore a draught for a stated quantity of bullion of a known fineness. The maxim of Mr. Locke is very true, that an ounce of gold of a certain weight and fineness must always be equal in value to another ounce of gold of the same weight and fineness; and the mere circumstance of one of these ounces being marked with a stamp of designation, will not alter its value when compared with the other that is unstamped. As the rate of foreign exchanges is altogether regulated by unstamped gold, (since the commercial nations of the world pay no regard to the stamps of each other, any farther than as they ascertain the

weight and quality of the metal,) so exchanges are regulated by the market rate of bullion in each country, and have nothing whatever to do with coined money, but in their character of general merchandise. The true basis of the currency of every country is not, therefore, the price at which its coined money is circulated, but the market price of those metals which are usually converted into coins.

This principle is exceedingly important. Nothing can be more clear than that the money value of the remittances which our merchants and manufacturers receive from abroad are regulated by the currency into which they can be converted at home, that these remittances will regulate the wages of labour and the profits of capital of those who are engaged in preparing for the market the productions exported, or given in exchange for that money which is remitted home. As the average rate of the prices of labour paid to those whose productions bring money into the country ultimately regulates the price of labour in the home market, so it is the precise rate of the foreign exchanges which determines the nominal worth of our coined money.

If we apply this rule to the present currency of Great Britain, we shall see what extraordinary art has been employed to keep down the prices of labour and of commodities, or, in other words, to raise the value of our money. First, a standard of gold is preferred to silver, because the former is comparatively dearer at present than the latter; secondly, the market price of bullion is generally kept down to L.3, 17s. 6d. an ounce, instead of L.3, 17s. 10½d. an ounce, which ought to be, but which is not, the real basis of our currency; thirdly, favourable exchanges are produced, that is, exchanges which are favourable to the importation of bullion, by the restrictive system of our corn laws, but unfavourable to the foreign merchant who has money to remit from abroad. Indeed, the monied interests of this country have contrived to keep down the prices of commodities by arts the most inconceivable and complete. 1st, They insist on having their bonds fulfilled in the dearest metal; secondly, in the lowest priced metal, or at L.3, 17s. 6d. an ounce; and, thirdly, in a course of exchanges which frequently have had a direct tendency to subtract nearly two per cent from the general prices of every article brought to market. Can the legislature not see this? or will they not see it? They indeed tell us that the basis of our currency is measured in gold, which is well known to be an unusually scarce metal at the present time, after the rate of L.3, 17s. 10½d. an ounce; while, if the rate of foreign exchanges be

the real basis of the circulating medium, the author of this work would not be surprised to find, that on many occasions, since the year 1819, the actual basis of our currency has frequently been as low as gold at L.3, 16s. 6d. an ounce; and if the real principles of a circulating medium, the standard of which is regulated by the precious metals, were fully examined, he has no doubt but it would be found that the accuracy with which its basis can be ascertained, is even more objectionable and erroneous than that of farm labour, granting that gold were an equally accurate standard of value as labour.

But to discuss these high and difficult principles of currency, while members of the British House of Commons can be found, who gravely assure us that unfavourable exchanges are extremely ruinous and detrimental to the foreign merchant, appears worse than useless, and is at best only so much labour thrown away. Suppose that in the month of March 1814, a British merchant disposed of a given quantity of merchandise in Germany, and received in payment gold coins that weighed an ounce of English standard bullion; when he had remitted this ounce of gold home, through the medium of a bill of exchange, he would find it worth L.5, 10s. It would therefore appear absurd to say, that it would have been more advantageous to him, if he could have received no more than L.3, 17s. 6d. by the conversion of an ounce of German gold coins into British currency; and, for similar reasons, exchanges which are favourable to the importation of bullion, are the most unfavourable to our export merchants and manufacturers,—tend to lower the prices of their merchandise and manufactures,—to bring down the price of labour employed by them, and ultimately that of farm labour and farm produce.

If we pursue this part of our inquiry a little farther, we shall at once be convinced, that the fluctuating price of bullion must have proved extremely ruinous to many of our merchants. Gold, which in March 1814 was at L.5, 10s. an ounce, in the month of October following fell to L.4, 6s.; and in the month of April 1815 it again rose to L.5, 7s. an ounce; and in the month of October following it had fallen to L.4, 3s.; in December, to L.4, 2s.; in the month of May 1816, to L.4; and in October following, to L.3, 18s. 6d. an ounce. In every one of these cases, the exchanges would be immediately affected, and determine accordingly the loss or the gain of the merchant. In the month of April 1814 there were only sixty bankruptcies; in the six months ending April 1815, the average number per month was 106; in the

three following months, eighty-three per month; and in the year 1816, 169 per month,—which shows pretty clearly that, whether we examine causes or effects, the fluctuations of the price of bullion were immediately followed by corresponding rises and falls in the value of the currency; and which almost instantly reached the whole range of our commercial and manufacturing interests, though slow in extending to the landed interest, the prices of whose commodities were more remotely affected, and, for a time, shielded by the influence of corn laws. According to Table, No. 12, the bullion price of farm labour rose in 1816, but continued gradually to fall from this first impulse until the close of the year 1823. Though the price of farm labour rose, from 1814 to 1816, to the amount of six grains of gold per week, yet the weekly earnings of operative cotton weavers, depending immediately upon foreign markets, fell in the same period of time to the amount of twenty grains of gold per week. These extraordinary events certainly throw considerable light upon those circumstances which regulate the incidental and temporary occurrences of the foreign and the home trade; for, while the bullion prices of labour, connected with export productions, came down with incredible celerity, the wages of many of the handicrafts and artisans employed in purely home trades rose in amount equal to the fall of the other.

We now come to speak more generally of exchanges. They may be considered as either real, nominal, or compound.

Real exchanges are, when two foreign bills of equal values in bullion, drawn upon the countries A and B, will not exchange for each other, in consequence of the one having to make a greater amount of payments than it has to receive; in consequence of which, the country which has more money to pay than to receive, must find a difficulty in doing it, and the rise of the value of bullion will be shown by the fall in the value of the bills it draws.

Nominal exchanges are, when the bills of exchange drawn by one country do not represent so great a quantity of standard bullion as they purport to represent, or when they represent a greater quantity. Standard gold is uniformly considered worth L.3, 17s. 10½d. per ounce in British money. In case that gold, in the market, be worth only L.3, 17s. 6d. per ounce, a bill of exchange drawn upon England would contain more bullion than it purported to represent; or if gold were at L.4 per ounce, or any higher sum, it would represent less; and this would be shown by the course of the exchange.

Compound exchanges are, when foreign bills of exchange are operated upon from both these causes of variation. Thus, if the country of A have to make more payments to that of B than it has to receive, and the price of bullion at the home market be above the standard rate, the bills of A would become unfavourable from both causes.

The theory of exchanges would appear to resolve itself into the transmission of bullion from one country to another, through the medium of the paper which represents it. For it ought to be remembered, the coined money of one country has nothing to do with the coins of any other country, farther than that they are bullion ready weighed and assayed; and when the coin is worn lighter by wear, clipping, punching, &c. the coined money is nothing more than evidence of its quality, as weights and scales must determine its quantity. It is the value, then, of uncoined bullion in the market which determines the basis of exchanges.

Whatever the rate of exchanges between A and B may be, in case the amount of payments be equal, if a pound of gold were transmitted from one to the other, whatever its market price might be, which is on no account regarded by the merchant of a foreign country, the weight and quality only being taken into account, though it may be transmitted through the medium of a bill of exchange, it will just be sent entire, after the expenses of transit have been deducted. In fact, then, bills of exchange are a medium through which bullion, of which it is the representative, is transmitted from one country to another.

From what has just been said, however mysterious foreign exchanges may appear to one who has never viewed them in a plain manner, the only difficulty which they involve is occasioned by the transmission of bullion from one country to another, through the medium of a representative system, which takes into account its variation in real and nominal values. Nor does this complication of values amount to more than this: A merchant must pay for the transit of his money home. If money is coming more rapidly to the country whence he sends it than it is leaving it, he will have a greater difficulty in getting it sent, and he must pay for that difficulty also.

If his foreign money be either more or less valuable in nominal amount at home than the current coin of his country, he must have more nominal amount in the one case, and less in the other, according to the amount of the foreign bills which he can purchase.

Thus exchanges naturally resolve themselves into the position with which we set out, that they transmit bullion from one country to another by means of a paper representative, which preserves the quantity, after deducting the expenses of transit, and the value lost in consequence of any unusual difficulty in finding a conveyance by which it can be sent home. For as bills of exchange are a cheaper medium through which money is remitted from one country to another, they are almost uniformly resorted to, unless a country be importing the metals of coinage to fill up any vacancy in the circulating medium, which may have arisen from the displacing of paper. When France drew her assignats out of circulation, and recalled her bullion, the precious metals would be the most advantageous medium through which money could be remitted to France from other countries. Again, when the British government resolved to displace a portion of the bank paper, and resume cash-payments at the Bank of England, bullion became the most favourable mode of making remittances of money from foreign parts; and, in the same manner, the restrictive system of commerce adopted by us in 1815 with respect to foreign grain, had a tendency to bring an unnatural portion of the precious metals into Great Britain, and to disqualify our merchants and manufacturers from effecting foreign sales upon equally advantageous terms, in those foreign states that had usually imported their corn into Great Britain. For, according to those principles, by which the anti-commercial decrees of Napoleon had the effect of raising the value of money in this country, our corn laws have a tendency to raise the value of money among the northern nations of Europe, and prevent our manufactures and merchandise from selling at the same rate of prices they would otherwise do—the imparting of great velocity to the circulating medium both at home and abroad—and of a freer transmission of bills of exchange between one country and another.

If we take a summary view of our commercial transactions during the revolutionary war in France, we shall see these principles more clearly illustrated. The exceedingly deficient crops of Great Britain in the year 1799, together with a large foreign expenditure, and other payments, caused the exchanges to fall rapidly in that year, and to remain at a low rate in the years 1800 and 1801. The large purchase of foreign grain made by Great Britain in these years, raised bullion above the mint price, and naturally empowered the merchant, who had remittances from abroad, to render them more advantageous. Thus, dismissing all considerations con-

nected with exchange, every ounce of bullion brought from abroad in 1798 would net no more British currency than L.3, 17s. 10½d. while the same ounce of bullion brought from foreign countries in 1800 would net the merchant L.4, 6s. And as the extent of our purchases of foreign corn naturally raised its price in the north of Europe, and gave a greater velocity to the circulating medium in every part of the continent and of Britain, its final consequences were marked by those extraordinary high prices measured in bullion, which were peculiar to the four years ending with 1808.

Napoleon's Berlin and Milan decrees put a stop to the extensive system of sale and purchase carried on by Great Britain, which tended to bring down the value of gold and silver in 1807 and 1808 to a remarkable and unprecedented extent. (See Tables, No. 11, first and second part, and also No. 14.) A great amount of bank paper, kept in circulation during the five following years, by occasioning unfavourable exchanges, prevented the fall of prices to that ruinous extent which would otherwise have been the case.

It would then appear, that the subject of exchanges is intimately connected with the fluctuations of trade, and forms one of the most important considerations that come under the review of the political economist. A regular course of exchanges is certainly of great importance, which ought on no occasion to be allowed to vary, unless it be used as a corrective of prices, which had either a general tendency to rise or fall. In the one case, favourable exchanges will prevent prices from rising; and, on the other hand, unfavourable exchanges will have the effect of preventing prices from falling as they would otherwise do. But on no occasion ought fluctuating exchanges to be permitted, when they proved, upon general principles, either powerful causes of loss or gain to our export merchants and manufacturers. In short, it is by keeping at all periods a watchful eye over exchanges, and over the value of money, measured according to farm labour, that we can ever expect to establish a well-regulated currency. The price of gold ought always to be in the inverse proportion of the price of labour; or the price of gold ought to rise in the exact proportion in which the price of labour has a tendency to fall; and to fall in price whenever that of labour has a tendency to rise.

In closing the second part of the work now before us, we beg leave to remind the reader that, though we have been busily engaged in examining the principles which belong to each particular head of inquiry, we have been no less anxious to investigate their various bearings upon each other, and to

exhibit political economy in a connected and compound form. The outlines of the science have been determined by the laws of providence, subject to those vicissitudes which mark the return of periodical events and the varieties of seasons. The ingenuity of man, superinduced above these physical events and changes, has invented a circulating medium by means of which universal barter is carried on. From the grandeur of this invention, it may be justly ranked among the most glorious and most important achievements of man. But, in this instance, as in every other, how immeasurably distant is the arrangement of man when compared with the regularity and order displayed in the works of creation and providence! The Deity has given us an atmosphere wherein we breathe, which, like the supply and demand of commodities, is liable to continual changes, yet is so truly balanced that it uniformly returns to a medium temperature; and though the ocean, subject to the undulations of tides and the turbulence of hurricanes, is a reservoir from which the atmosphere is supplied, their connexion is so admirably regulated that a continual return to former proportions and relations remains unchanged throughout the most distant revolutions of time.

It is not so with the circulating medium invented by man. If one year's labour and toil maintained the uniformity of their value from one century to another, it would follow that 1s. per week in the year 1150, and 14s. 6d. in 1808, (see table No. 11,) would be precisely of the same value with respect to each other, and thus afford as complete evidence of an imperfectly regulated circulating medium, as if the atmosphere were fourteen and one-half times more dense at different periods of time.

Let us, therefore, though we may be unable to completely restrain or prevent periodical fluctuations in the value of the currency, endeavour to come as near to perfection as the occasional improvements in mechanical knowledge, the changeable nature of foreign trade, or the continual periodical changes and variations of the seasons will permit. The author of these pages is satisfied that such a circulating medium is attainable, if we would only have the candour to relinquish those measures which no ingenuity of man either in his individual or collective capacity has been able to prevent from undergoing continued and destructive alterations.

PART III.

ON TAXATION AND PUBLIC REVENUE.

CHAPTER I.

ON THE GENERAL PRINCIPLES OF TAXATION, ITS EFFECTS ON PUBLIC WEALTH, AND ON THE PRICE OF COMMO- DITIES.

TAXES are those charges which are levied for public purposes, and are either imposed upon income in a direct manner, or upon marketable articles which are consumable. The first class of taxes, therefore, is levied upon income capable of being laid out in consumption; and the second class upon the things consumed. Income may be divided into that which is indispensably necessary to supply its owner with the common wants of life, as well as that which its owner can dispose of in whatever way he thinks proper. Consumable articles may also be divided into two heads, the first comprising the common wants of life; and the second those objects of desire which do not belong to the first head. We may therefore class public taxes as follows:

1st, They are imposed upon articles of consumption, the use of which is optional, or which do not administer to the natural wants of life in an economical manner.

2dly, They are imposed upon income that is not positively necessary to him who possesses it, and the use of which is optional.

3dly, They are imposed upon articles of consumption, that either aid or form a part of the supply of our natural wants, or obstruct the supply of these wants.

4thly, They are imposed upon income indispensably necessary to its possessor.

Some taxes are also general, others local.

On the examination of the first principles of public wealth, we see how much depends upon the demand for, and consumption of, products that do not administer to our natural wants; and how requisite it is that those funds, the use of which is optional to him who possesses them, since he is able to gain a livelihood without them, should be dissipated, and reaccumulated in hands who would be unable to procure the means of living from any other source.

If much depends upon the dissipation of funds, the disposal of which is optional, it is equally as important that funds requisite to the support of their possessor should neither be diminished by taxes, nor by the common wants of life, directly levied upon them; nor ought any tax so to operate as to obstruct the production of their common wants. Should it do so, it would prevent altogether the natural accumulation of national wealth, and the multiplication of population.

It would then appear that taxes may be divided into two classes.

1st, Those which tend to stimulate public wealth.

2d, Those which tend to impede its progress.

The first class are such taxes as fall on articles the use of which is optional, and do not administer to the common wants of life; also taxes levied on annual income, the disposal of which, with respect to its owner, is optional.

In the second class, neither the use can be dispensed with, nor the funds that procure that use, without checking the natural progress of population, cultivation, and public wealth.

It may be asked, how can any tax stimulate public wealth, by creating a greater consumption, if it be levied on the use of what is optional? This is most clearly answered by an appeal to facts.

The wine and spirituous liquors with which my Lords A and B, or Messrs. C and D, regale their friends at table, as articles of great luxury, would frequently be used even more sparingly were lower duties charged upon them. Nor do we find that the people of England drink more sparingly than those of other countries, in consequence of the high duties imposed on ale, wine, and spirits.

If we look narrowly into the amazing funds annually created in England by the operation of these duties alone, we shall at

once see what an extent of the means of living they furnish to various ranks of the people, and the infinite action and reaction of wealth they produce. This production of wealth is created in five ways:

1st, They form a broader basis for capital to rest upon.

2dly, They furnish a direct means of livelihood to those who gain a support from the duties arising from them.

3dly, The means of spending they create is not only productive of a greater consumption of them, and of an increase of these duties, but of taxes in general.

4thly, They cause the wealthy to become greater spenders, and greater purchasers of these luxuries; and, by that means, a demand for them is created abroad, which enables the foreigner to purchase our productions in return.

5thly, As they assist foreign commerce materially, they tend to perfect the division of labour, improve the conveniences of water carriage, and of the inland roads of the country.

First, The capital of the wholesale dealer in spirits and wine, and of the innkeeper also, and of the common brewer, is greatly enlarged by the duties paid to government. In proportion as the capital stock employed in business is enlarged, profits are enlarged. For though the profits of trade, where a great amount of capital is usually turned over, may not have equal profits per cent as a small one, yet as a small business must provide for the maintenance of a family as well as a large one, so it would seem to follow, that he who carries on business with a capital twice the amount of another, will naturally have more income, the disposal of which is optional, than the other; that is, income which it is optional whether he uses it or lays it by.

It will then be much easier for him to save annually out of the profits of his business—to embark a greater capital in trade—and to realise a larger amount of property, that may be squandered at some future period.

Were the duties on ale, spirits, and wine, repealed, it would narrow the capital of all those who dealt in them subsequently to the duty being taken off, and along with it the profits of trade, the means of spending, saving, and prevent the future expenditure of an equal amount of realised property, by contracting the circle of public wealth.

Secondly, The duties raised from these articles go to provide a direct livelihood for those who finally receive them.

Had not this been the case, consumption would have been less, these individuals must have sought a market for their labour elsewhere; and as that market would have been more highly supplied and less demanded, labour would also have been proportionately productive, and population, cultivation, and public wealth, more limited.

Though it may be said, that these duties create a greater consumption, it is not so in the consumption of the products of labour, which is only ideal. But this ideal consumption, by drawing away real funds, and placing them in new hands who may stand in need of them, extends the means of living—occasions a greater demand for the labour which goes to provide the necessaries of life—and renders individual labour more efficient, thereby enlarging the individual powers of raising food from the soil.

Thirdly, Those who obtain a direct income from the produce of taxes, are themselves empowered to become spenders; and as a considerable portion of income arising from taxes is again laid out in taxed articles, so what flows directly out of the public exchequer may soon make its way back again by indirect channels.

Fourthly, Combinations of political economy that stimulate public wealth, and distribute it more profusely among the people, create more enlarged means of spending, and along with them the accumulation of new property. In this way the means of purchasing abroad are created; and in proportion as we buy of others, they are both empowered and disposed to buy of us. Buying, then, begets a reciprocity of supply and demand; and thus it is that our industry at home purchases foreign luxuries and foreign articles of prime necessity.

Fifthly, In proportion as the power of buying and selling is enlarged, the division of labour becomes more perfect—co-operative industry is more extensively carried on—the transit of goods more frequent—a greater quantity of carriage can afford to pay for the higher facilities of conveyance—canals are cut, docks built for ships, harbours are formed, enlarged, or deepened—and the interior roads of the country are more extended, more advantageously laid out, and kept in better repair.

It would then appear, that while taxation is confined to the luxuries of life, or to commodities the use of which is optional, and to those funds that are possessed by individuals, the use of which is more a matter of choice than of necessity, it does not impede the progress of wealth, unless it diminishes

the consumption of luxuries very materially; and then it would evidently undermine the very object it proposes to effect, namely, the multiplication of public income.

We may then conclude, that we are in no danger from excessive taxation on the luxuries of life; because, while these taxes are more productive, they tend to the increase of wealth; and when carried beyond this point, the evil naturally suggests its own remedy. But a tax on the funds which may be laid out in luxuries, at the option of the owner, on income from land in particular, is liable to very evident objections. There is no point to stop at. Government might seize first upon one portion of it, and then upon another, until they had appropriated the whole land rental of the kingdom to themselves. For these reasons, it would appear that no permanent taxes on rent ought to be submitted to, particularly on land, except for short periods of time only. It must, however, be remembered, that were government to appropriate the whole of the rent of land to their own use, they would at once destroy the inducement which caused its owner to invest a new capital in the soil, for the purpose of augmenting its productive powers.

The second class of taxes, those which tend to impede the natural progress of wealth, ought only to be resorted to in those cases where the injury done is only trifling, compared with the advantages derived by the increase of the revenue.

To levy taxes without injuring the productive process on which national wealth depends, is extremely difficult. In proportion, however, as the direct injury sustained from any particular tax is less, the indirect energy imparted to production by the expenditure of those taxes will be more likely to repair the evils it has occasioned. All taxes must arise out of income. Were income taxed directly and equally, and the whole of the public revenue raised in this way, the objections to such a mode would be, first, imposts would be levied on those who had no spare income to dispose of; and, secondly, they would be raised out of income that originated in the profits of capital, and thereby discourage production. The first of these objections would obstruct the natural increase of population; and the second would be opposed to the accumulation of capital, and so render the powers of labour less efficient. Neither the landowner, the farmer, the merchant, nor the manufacturer, would so readily advance new capital, if the income arising from it were liable to be drawn away by the public. The wealth of states originates in the maintenance of particular interests; and as particular interests are very different from those of the public, were the

latter to draw away the income of the former in a direct manner, an obstacle would be thrown in the way of production at the outset, and the circulation and accumulation of national wealth be thereby impeded.

On the other hand, taxes levied on consumption, if they reach the necessaries of life, are opposed to the regular increase of population; and, when they obstruct consumption to a greater amount than the whole tax levied, the new income originating in consumption becomes less.

Therefore, in taxation, three things are to be guarded against.

- 1st, It ought not to check population.
- 2d, It ought not to obstruct the accumulation of capital.
- 3d, It ought not to diminish the aggregate income of the whole community.

To avoid these three evils, and at the same time to raise a great amount of public revenue, requires the utmost extent of human sagacity. When the incomes of individuals are improved, they are mainly indebted to an increase of marketable articles. But the advancement of the revenues of the state are quite different, since they are not raised by adding to production, but are non-productive payments altogether, and draw away the proceeds of industry without giving back an article of value in return. It is by no means the character of every tax to do harm in some one of these three ways. For instance, the legacy and other duties, paid on the demise of a wealthy miser, are in no way a preventive of the public welfare; on the contrary, what had previously yielded a species of hoarded income is put into hands who are apt to use it immediately in some sort of consumption or other, and from them it passes directly into the hands of industry, which then requires the advance of a new capital to enable industry to produce more abundantly.

Since it is proposed to examine taxation in the particular objects which are subjected to it, the reader will be able to appreciate the nature of taxes impeding the natural progress of wealth, as he proceeds through that part of the work which is allotted to taxation and public revenue.

CHAPTER II.

ON TAXES ON MALT, HOPS, OR ALE, SPIRITUOUS LIQUORS, WINE, CYDER, FOREIGN DRUGS, SUGAR, TOBACCO, &c. THE FUNDS FROM WHICH THESE TAXES ARE PAID, AND ON WHOM THEY FALL.

TAXES imposed upon each of the above articles must be regarded as taxes upon use: the consumption of them is optional, nor do they administer to the common wants of life. They are therefore taxes imposed upon those who use these luxuries, and fall upon the consumer without proving detrimental to those classes of the people who do not use them. They do not operate as preventives of industry; on the other hand, they encourage it by creating new funds to supply the necessities of one class, out of funds, the use of which is optional with those who possess them.

The use of the funds from which these taxes are paid, whether arising from rent, labour, or profits, or from income paid out of taxes, is naturally optional; and therefore taxes of this description have the effect of putting that income in motion which might otherwise have remained stationary, to the detriment of the whole community, from a want of that consumption and reaccumulation of new income which generate wealth.

Besides, in the common occurrences of life, the funds placed in the hands of A cannot be taken away and placed in those of B, without B paying to A either labour or the value of labour for what he gets from him; and perhaps the labour and toil which B gives him in exchange may neither please his fancy any better, nor be more useful to him than the ideal value he obtains through the medium of taxation.

Taxes imposed upon the luxuries of life would seem to create a new principle in public economy, which does not naturally arise out of the common transactions of barter, but is erected upon an ideal basis for which value in exchange is not given. Were value in exchange given by those who obtain the incomes of the wealthy, in this way they must have

laboured for them; and even then it might have been questionable whether they would have parted with those funds to gratify any other capricious desire, in case they could have enjoyed their ale, spirits, &c. without paying the duty imposed upon their use.

But to bring this point to a fair practical issue, the use of highly taxed luxuries is optional; and the fact of income being laid out in that way, is pretty strong evidence that it might not have been expended in any other way. The common prudence of men, their avaricious disposition, and the love of superior riches, together with the honours they confer, naturally lead them to save income when its expenditure is optional.

Funds are therefore put in circulation by taxes upon luxuries, which might not have been set in motion in any other way; and they are moved with this advantage, while they are parted with by their possessors voluntarily, he who obtains them does not give labour in return; and as he may have a real occasion for them, they are eventually circulated in this way to a class of real labourers, who must have otherwise wanted employment and the means of living.

To say indeed, that he who receives public taxes performs no labour in return, is certainly incorrect. But as they are chiefly of a kind which do not bring any commodities to market, they are under the necessity of laying out those funds which they receive for their non-productive labours.

It would, indeed, be a great disadvantage to the other labouring classes of the community, did the labours of those who are paid for them out of the public taxes bring the produce of their industry to market in a disposable shape. For they would then come into competition with each other; the labourer who was maintained out of taxes would come in direct competition with the other labourer; adequate funds of employment would be wanting, and reduce a portion of the labouring classes to a state of starvation.

When government raises a fund out of the use of the luxuries of life, with which it supports 10,000 men in a military capacity, it unquestionably not only thins the supply of labour brought to market, and increases the value of the remainder, but gives it chiefly to those who are compelled to lay a considerable part of it out again in purchasing the necessities of life, and these also must be supplied by the industry of those labourers who remain in the market.

The creative process of wealth generated in this country by judicious imposts levied upon the luxuries of life, if pur-

sued to its final effects, would seem to account so thoroughly for our great national prosperity, as to lead an incautious observer to look for no other cause.

That it is a powerful cause of wealth cannot be denied by those who have any regard for truth; and should the ill-will of a class of mischievous politicians succeed in contracting the use of luxuries, they would accomplish the worst thing for the labouring classes that can happen, since a fall in the exchangeable value of labour would ensue, producing at the same time a contraction of the general wealth of the country.

It may be questioned whether tea, coffee, and sugar, ought to be placed among luxuries. They certainly come much nearer articles of prime necessity than spirituous liquors, &c.

Notwithstanding the active processes by which these taxes set in motion a portion of the annual income of the country, it is obvious that sugar, the produce of our West Indian colonies, paid for directly by our manufactures and other home produce, and forming as it does the basis of an indirect trade with America, by enabling the Americans to purchase of us, ought never to be taxed with a heavy hand.

Besides, though it be always desirable to leave every article that administers to the common wants of our nature as free from public taxes as possible, yet it is hardly to be avoided in all instances where taxes may be judiciously levied upon those who have disposable funds. For it is evident that to bring these funds into circulation is one of the greatest difficulties attending the creation of public wealth.

CHAPTER III.

ON TAXES ON PROPERTY.

SECTION I.

Taxes on the Rent of Land.

A TAX levied upon the surplus produce of land, upon the landlord's rent, for instance, cannot be charged to the consu-

mer of the produce of the soil, because it does not enhance the cost of bringing that produce to market; but, it must be remembered, costs the immediate landlord neither labour nor toil, though it may in a great measure proceed from the proceeds of former capital, being a portion of the surplus produce that remains, after the labourers, who contribute to the increase, manufacture, and marketing of that produce, are enabled to gain a livelihood and support a family; and also after the owner of the moveable capital has deducted from it the common rate of reward for the use of his capital.

But a tax upon rent may operate as a check to the farther investment of new capital in the soil, such as farm buildings and roads; it may also prevent its application to draining, to inclosing, &c. For, as capital laid out in this way contributes to the increase of rent, a tax upon the improvement of land may sweep away the whole of that portion of the surplus returns which constitutes the profits of the new capital so invested. Such a preventive would not raise the price of corn to the consumers of it, but it would stop the natural progress of cultivation, population, and wealth: for it has been clearly shown, that the increase of population must of necessity keep pace with the advancement of cultivation; and this connexion between them prevents the value of produce from falling in proportion as the productive process is set free.

Such a tax, however, necessarily has the effect of raising the value of food to the consumer a little, as population has a less disposition to multiply, unless the means of living be improved among the labouring classes. Such a tax, then, has a pernicious effect upon every class of the community.

1st, It limits the application of capital, and reduces its usual returns.

2dly, It causes the means of living to be somewhat dearer to every class of consumers. And,

3dly, It renders the state less powerful upon all sudden emergencies, by the diminution of its general power, and by diminishing the produce of taxes upon the luxuries of life.

In merely looking over the various taxes that fall on the rent of land, it must be obvious, though light permanent taxes of this kind may not be very detrimental to the general prosperity of the state, which arises from the capital invested in the improvement of the soil, yet, when these taxes become exorbitant, they operate as severe checks upon national industry.

Taxes upon a Farm of One Hundred Acres of Land, similar to the Standard-Farm we have adopted, in the Year 1814, Customary Tenure, and titheable. (See page 64; refer also to page 49.)

Gross surplus produce or rent				L.171	0	0
Tithes, oats	L.10	8	0			
——, wheat	12	0	0			
——, hay or grass, say	6	0	0			
Parochial assessment, say	28	0	0			
				L.56	8	0
Assessed taxes	L.2	0	0			
10 per cent proprietor's taxes	12	15	6			
A part of the tenant's duty	5	0	0			
Customary tenure	12	15	6			
				32	11	0
Annual taxes paid by the landowner	L.88	19	0			
Amount of rent due to him				82	1	0
The gross amount of rent yielded annually by 100 acres of land				L.171	0	0

From this statement it is obvious that more than one-half of the landlord's rent was then swept away by taxation; and that it operated as a positive check to the investment of new capital, in the improvement of the soil. Dr. Smith has observed, "The proprietor of land is interested, for the sake of his own revenue, to keep his estate in as good condition as he can, by building and repairing his tenants houses, by making and maintaining the necessary drains and inclosures, and all those other expensive improvements which it properly belongs to the landlord to make and maintain. But by different land-taxes the revenue of the landlord may be so much diminished, and by different duties upon the necessaries and conveniences of life, that diminished revenue may be rendered of so little real value, that he may find himself altogether unable to make or maintain those expensive improvements. When the landlord, however, ceases to do his part, it is altogether impossible that the tenant should continue to do his. As the distress of the landlord increases, the agriculture of the country must necessarily decline.

“ When, by different taxes upon the necessities and conveniences of life, the owners and employers of capital stock find, that whatever revenue they derive from it, will not, in a particular country, purchase the same quantity of those necessities and conveniences, which an equal revenue would in almost any other; they will be disposed to remove to some other. And when, in order to raise those taxes, all or the greater part of merchants and manufacturers, that is, all or the greater part of the employers of great capitals, come to be continually exposed to the mortifying and vexatious visits of the tax-gatherers; this disposition to remove will soon be changed into an actual removal. The industry of the country will necessarily fall with the removal of the capital which supported it, and the ruin of trade and manufactures will follow the declension of agriculture.

“ To transfer from the owners of those two great sources of revenue, land and capital stock, from the persons immediately interested in the good condition of every particular portion of land, and in the good management of every particular portion of capital stock, to another set of persons (the creditors of the public, who have no such particular interest) the greater part of the revenue arising from either, must, in the long run, occasion both the neglect of land, and the waste or removal of capital stock. A creditor of the public has no doubt a general interest in the prosperity of the agriculture, manufactures, and commerce of the country; and consequently in the good condition of its lands, and in the good management of its capital stock. Should there be any general failure or declension in any of these things, the produce of the different taxes might no longer be sufficient to pay him the annuity or interest which is due to him. But a creditor of the public, considered merely as such, has no interest in the good condition of any particular portion of land, or in the good management of any particular portion of capital stock. As a creditor of the public he has no knowledge of any such particular portion. He has no inspection of it. He can have no care about it. Its ruin may in some cases be unknown to him, and cannot directly affect him.”

Nor is this a fiction, founded upon an ideal case. Wherever annual charges to such an enormous amount are laid upon the rental of land, they not only discourage the proprietor from laying out a permanent capital, and the consequent creation of national wealth and industry, but they disable him from setting aside that portion of his income which ought to go annually to its gradual improvement.

Insufficient farm buildings, a want of necessary hedges, bad roads, land ill managed, and inadequately drained, are the consequent results of excessive taxation on the rent of land.

Were 10 or 15 per cent of these taxes annually remitted, under the *bona fide* proviso of laying it out on improvements, they would not only cease to operate as checks upon the multiplication of produce, but they would become more productive themselves.

It would then appear that a tax on the rent of land is more complex in its operations than a cursory glance would lead us to suspect. If we take land in its natural state, and burden it with taxes in the heavy manner just alluded to, no encouragement would be given to the proprietor for the investment of permanent capital in the acquirement of the facilities and conveniences which a well-cultivated farm requires.

If L.1000 were so invested in 100 acres of land, at 5 per cent per annum interest, and L.5 charged for repairs, it would reduce the clear rental to L.40, 4s.; thus leaving the proprietor neither encouragement nor means.

The stream of public wealth, in its origin, is a current formed by the power of labour; and as there are so many causes to prevent it from gathering strength, it is no wonder we seldom or never see it diffusing itself in every possible direction, and ameliorating the common lot of man.

SECTION II.

Taxes on the Rent of Houses.

A TAX levied upon dwelling houses in general, and upon farm buildings, would evidently not only fall upon the owner, but operate as a check to population and public wealth.

But, when confined to the houses of the wealthy, to public inns, or any other public place of resort, public taxes so levied have effects something similar to those laid upon any of the other luxuries of life, and tend to create rather than to check wealth.

For as the use of the funds, out of which this sort of taxes comes, is generally optional with respect to the proprietors, they tend to put these funds in motion, and to produce new species of income, grounded upon a fictitious basis, which frequently goes to a class of individuals who have nothing else to exchange for the means of living but their labour.

Capital invested in dwelling houses is expected to be repaid with profit, as well as any other species of industry in which it is laid out. But in case a tax were imposed upon houses subsequently to their erection, such a tax would fall upon the owner of the house, and not upon the occupier, because the capital is invested, and cannot be withdrawn.

A temporary tax laid upon the rent of houses is very different from a permanent one. Poor rates, in consequence of being permanent taxes, fall upon the occupiers of houses; but a tax, like that of the late property-tax, not being foreseen at the time dwelling houses were built, necessarily falls upon the landlords.

The whole range of political economy does not present a principle more general and important than that which regulates the levying of taxes upon the rent of houses; a permanent tax would fall altogether upon the occupier, even though it were levied upon the landlord; while a temporary tax paid by the latter would fall entirely upon the former. The principle out of which this distinction arises, is the different predicaments in which capital is placed prior to its investment in houses, land, general merchandise, the precious metals, or any other object of profit, and subsequently to that investment being made. Previously to the advance of capital, its owner calculates upon the expected returns; and before he will consent to build a dwelling house, he will not only expect the usual returns of the profits of stock, but the annual taxes levied upon it; and hence the occupier of the house is the real person who pays the tax, because the capitalist will not consent to build, unless he expect both the profits of his capital and the amount of the tax added to it. But in case he has built the house, and the government levies a tax upon him, he cannot then charge the tax to the occupier, since his capital is advanced, and cannot be withdrawn; for were government to seize upon the whole rental of all the houses in the kingdom already built, with this proviso, that houses built in future should be exempted from taxes, such seizure would make no difference either to the present or the future rent of houses. But in case the public confiscated every house that might hereafter be built, as well as those which already existed, no one would consent to lay out capital for which he could expect no return, and dwelling houses in time would become exorbitantly high, and would have the effect of bringing total ruin upon the whole community, since they must, in time, be wholly without dwellings.

According to similar principles, if the money of the world were wholly metallic, the prices of commodities would natural-

ly be everywhere regulated by the commodities exchanged for those metals in coins, being exactly equal to that which would enable the labourers to live who produced these commodities, and remunerated the capitalist who advanced his stock according to the usual rate of profits. Thus, the labour and the merchandise of every one would be regulated in price by the powers of production, allotting low prices to those whose productive labours were weak and limited, and high prices to those powers of production which were comparatively high and powerful. But in case a great quantity of bank paper were brought rapidly into circulation, as the precious metals then in circulation were already brought from the mines, and could not be returned again, a rapid fall in their value would be occasioned, though the business of mining were greatly diminished immediately on this fall in the value of the metals, occasioned by the introduction of paper money as a substitute.

SECTION III.

Poor Rates and other Parochial Assessments.

PAROCHIAL assessments for the making of public roads, bridges, &c. are of all others a tax which the public can best afford to pay, having value received for what they lay out for these purposes.

But poor rates operate very differently. In fact, it is obvious they may draw away the whole surplus produce of the soil, reduce the whole people to indigence, and stop the gradual progress of the application of fixed capital to the cultivation of the ground.

Levied as they are upon the dwellings of the labouring classes, they operate as a check both upon population and cultivation; for population and cultivation are both checked at the same time.

It would then appear they are a cause of the production of pauperism by the levy of the very tax which goes to the support of the poor; and, when carried to the excessive height at which they have arrived in this country, they check the productive powers of the whole community.

But poor rates, while they were confined to the purposes originally intended, were neither detrimental to public prosperity, nor injudicious as public institutions. When, however, they have become the means of support to improvi-

dence, prostitution, and indolence, they have lost those claims to continuance, which were peculiar to their original institution.

As a tax levied upon the rent of land, they diminish the profits of new capital invested in the soil, and fetter its productive powers in no inconsiderable degree; and, by this means, depress the interests of every class of the community, except those who get parochial relief.

Besides, they occupy that place in taxation which might be resorted to for more general purposes. Every thing considered, it would seem full time that the legislature should take corrective measures with this new creation in the disposal of the income of the country, which has arisen out of a misapprehension and misapplication of parish relief.

They have only one good effect in public economy. Funds which are placed in the hands of those who either may, or may not use them, are taken out of their hands by force, and bestowed upon a class of people whose necessities and improvidence render their use certain; and thus passing into the general consumption, become the income of those who supply the common wants of life.

Perhaps then it might neither be advantageous nor humane to do away with poor rates altogether. But while this general principle is acknowledged, one half the present amount might be fully equal to supply the wants of the aged, the infirm, and truly indigent.

The cause, indeed, of the quick circulation of income in England arises from that imprudent spirit which a reliance on the poor laws produces among the people. The labouring classes in England lay out their earnings in the luxuries of life more freely than those of any other country; and it would seem this predisposition to spend is partly occasioned by their reliance on the poor laws.

On a fair review of our poor laws, as they stand at present, though powerful objections may be urged against them, they certainly have effects which contribute to counterbalance the evil they create. But, as a prospective regulation, the corrective hand of the legislature ought to be applied to them, else they may finally involve the state in the greatest misery and difficulties.

Perhaps the time is not far distant when the powers and proceedings of select vestries will be so modified as to lead to a new and corrective system. Indeed, a corrective system has already commenced, and very probably little more is required than that of extending the official powers placed in the hands of these vestries, by allowing them to act in a more

discretionary manner than at present; and by prohibiting altogether the conversion of the wages of labour into parochial relief. The abuse of these laws has the effect of drawing together a superabundant population, which much exceeds the efficient demand for labour. Remove the abuses connected with these laws, population would be instantly compelled to equalize itself with the demand for labour, the former happiness of the labouring classes would return, more intense industry displaying itself, and the general wealth and improvement of every class of the people would necessarily be promoted.

SECTION IV.

Taxes on the Interest of Money and Profits of Capital.

WERE it not for the usury laws, a tax on the interest of money and profits of capital would fall upon the borrower, who may be considered the user or the consumer. In case the user of borrowed capital employed it in manufactures, the duty would be charged on the goods prepared for market, and would ultimately fall upon the consumer, unless he had the opportunity of purchasing these goods from an untaxed source.

But in case the interest of money were paid out of the rent of land, a tax levied upon it would, under the above circumstances, be paid out of rent; because the proprietor of the soil cannot charge taxes imposed upon it to the consumer, upon the same principle as he who charges taxes as a part of the cost of any thing manufactured.

Where the interest of money is limited by usury laws, which restrain that interest within a medium rate, a tax upon it and upon profits tends to produce a direct diminution of income derived either from the one source or the other; which can only be maintained upon the ground that taxes so levied were only of a temporary nature.

It is however almost insisted on by some people that usury laws do not restrain the natural rate of interest. Facts afford decided evidence to the contrary. Previously to the late property tax in this country, the common rate of interest was 5 per cent. During the continuance of the tax interest remained at that rate, and only $4\frac{1}{2}$ per cent was received by the lender; which shows that the tax fell upon the lender, and not upon the borrower.

When a tax upon interest and profit is permanent, and the former restrained by law within its usual or natural rate, the tax would not fall upon interest but upon profits. When a tax upon profits had found its natural level, it would then fall upon the consumer of the produce arising from capital actively employed.

Such a tax would evidently discourage the saving of money on the one hand, and restrain the means of doing so on the other. Active capital employed would become more scarce, and profits would so rise as to cover the tax and hold out a reward sufficient to enable and encourage the accumulation of capital.

The real operation of a permanent tax on interest and profits would act as an indirect tax upon the consumer of whatever was produced by the aid of capital, and as a reduction upon the legal rate of interest.

But in case the tax were levied more heavily upon capital employed in large farming concerns than upon other branches of business, it would operate as a tax upon the rent of large farms. The farmer would expect the usual rate of profits; and as he could not charge the tax to the consumer, he would decline giving so high a rent for the farm; and thus the tax, falling upon the income of the landlord, would obstruct the free investment of new capital in the improvement of the soil.

It would thus appear there is a great distinction between the operation of a temporary tax on interest and profits, and one that has been imposed until it has found its natural level. Throughout the whole range of political economy, the natural laws of the distribution of income may be diverted out of their course for a given time by sudden and unexpected barriers being thrown in the way; but such contingencies will not prevent them from again assuming their natural relations and proportions. The observance of this general law is of great importance.

A permanent tax upon profits, as it ultimately falls upon the consumer, operates as a check upon the two great elements of national wealth,—population, and the cultivation of the soil; and in case it were accompanied by a tax upon rent, it would draw away the incomes of the landed interest, while they would be saddled with their share of the burthens upon capital also together with other consumers.

A permanent tax upon the rent of land, the interest of money, and the profits of capital, falls differently in consequence of the permanence of the first; even though the capital invested in land originated in the same source, the appli-

cation of labour, yet the ultimate effects differ in consequence of our inability to withdraw to advantage the capital invested in the soil; and the necessity of continually replenishing that which goes to find the work-tools of labour, and the supply of goods kept upon hand to meet the demands of the market.

Profit, it is true, originally led to the advance of capital in both instances; but the one is put into such a form that it cannot easily be withdrawn, while the other, being naturally liable to waste of itself, requires to be renewed.

According to similar laws of taxation, a permanent impost levied upon the interest of money lent to the public would fall upon the lender, being placed where it cannot be withdrawn at the will of the lender. But it could not possibly be levied upon any future money loans made to the public, as the lender would be fully aware of the drawbacks he had to expect; and he would naturally take care to guard against this by imposing worse terms upon the public at the time he advanced his loan.

A general and permanent property tax would therefore operate in taking away a portion of the property of the landed interest and the public stockholder, while the income derived from money loans could not be touched without stronger laws against usury, and the profits of active capitals would be charged to the consumer.

It would then seem, that as a temporary expedient during war, or any great national calamity, a property tax may be resorted to, without either checking the progress of wealth, or encroaching unfairly on the property of the landed interest or the public stockholder. But as a permanent tax, there are great and striking objections against it.

We often hear it urged that it is the fairest tax. This is very true, when viewed as a temporary measure; but, from the powerful tendency which profits have to enforce their natural value, and to disengage themselves from its grasp, moveable capital would soon disengage itself from the public burthen, and throw it upon the consumer, even on the necessities of life, since capital is one of the principal facilities which render the common wants of life plentiful or more easily obtained.

SECTION V.

Taxes upon Annual Income derived from Trades and Professions.

EVERY one who possesses an annual income, more than sufficient to command the natural wants of life, is equally an object of taxation. He who derives an income of 10s. a year from the interest of money, can dispose of his own labours for gaining a livelihood, unless age or bodily infirmities prevent him. But he who has the power of sparing a part of his income derived from any trade or profession, ought to have an allowance made equal to that which will support himself, before taxation commences, having nothing else within his command to dispose of.

But as income derived from trades and professions is acquired by services of some sort or other, a sudden and temporary tax can be raised upon that alone, without charging it upon those who require these services. A tax under the head of this section would therefore seem to fall very differently in case it were of short duration, than if it were permanent.

SECTION VI.

Tax on the Rent of Mines, Quarries, &c.

A TAX upon the rent of mines, quarries, &c. would also fall very differently as a permanent tax, than it would do were it only temporary.

The rent of mines and quarries is very differently circumstanced from that of land. Mines as well as land generally require a permanent capital to be sunk in them, which is productive of that sort of income called rent. But as it wears out, and often requires to be renewed in some other quarter, there would not be the same reward offered for this renewal, when wanted, as formerly. In consequence of this circumstance, in some instances the tax might, in the end, be thrown altogether upon the consumer, while, in other instances, it might fall partly both on rent and consumption, and in others altogether upon rent.

CHAPTER IV.

TITHES.

TITHES either fall upon rent, or they prove a positive check to industry. Corn is neither dearer nor cheaper in consequence of paying tithes.

Were corn rendered dearer to the consumer, owing to the payment of tithes, the progress of population would instantly receive a check, and prevent a rise in its value. Within the last fifty years, a great deal of common or waste land, rendered nearly unproductive by the discordancy of legal claims, which have been adjusted by legislative powers, has been inclosed. Freedom has thereby been given to productive industry, and more produce brought to market.

But, on comparing the relative value of labour and corn fifty years ago, we find them so nearly the same, that it would be impossible to say on which side value had either risen or fallen. According as the productive process has been set free, population has been acted upon, which has moved forward, and placed these two values in the same proportion to each other as formerly.

Had the productive process not been set free, population must have remained where it was, or at most have undergone a very slight rise. For it must always be observed, that unless population have a bias, occasioned by cheapened subsistence, it will not move forward; and were the means of living rendered permanently dear to an excess, it would retrograde.

The influence of this active law, which accommodates the production of the human species to the means of subsistence, or of gaining a livelihood, prevents the owner of tithed produce from selling it at a higher rate to the consumer; and therefore the payment of tithes falls either wholly upon the proprietor of the soil, or they prove a positive check to industry. On referring to the inclosure of waste land, which has unfettered an amazing quantity of human subsistence, it cannot be proved that land produce in general has fallen in value; nor would the exoneration from tithes of the whole titheable land in the kingdom cause any sensible decline in

the value of produce. The counteracting advance of population would prevent it.

As tithes fall with a greater weight upon the artificial produce than they do upon what is natural, they operate, not only as a powerful cause of keeping land in a state of natural pasture, but they generally prevent the good management of land when under tillage, (though they seldom prevent land from being occasionally brought under it,) and cause more limited returns when in pasture.

There is not an equal reward held out to an expensive course of cleaning, draining, and manuring, on titheable as upon tithe-free land. Nor is there the same amount of profit held out to the making of roads, and the acquirement of other artificial facilities, which tend to yield higher profits or rent.

It would then appear that tithes do not raise the value of corn to the consumer; as, however corn may be increased, population rises along with it, and keeps up its value; but they operate as a preventive or check upon population, national wealth and industry.

1st, They are a direct subtraction from rent.

2dly, They prevent that rent from rising to its natural value, by checking the outlay of profitable capital in the artificial improvement of the soil, and in the acquired facilities of cultivation.

3dly, They are a positive check to population, industry, and public wealth.

A tax upon rent, it has been already shown, has both these effects also, but in a more limited degree. A tax upon rent rises only in an exact ratio along with it; whereas a tax upon the gross produce, and that too of the artificial sorts only, is laid upon a portion of the increased produce into which an increase of rent does not enter. The natural consequence of which is, they frequently prevent that portion of produce from being raised which allows of no returns but what go to make good the cost of applying productive labour to the cultivation of the soil, and the due reward of the moveable capital made use of in the carrying on of that cultivation.

It however often happens that aration is carried on by the farmer employing his capital unprofitably; the cause is this, it is necessary that the farmer should keep horses and servants for general purposes, or he may have a part of his own family willing to labour. Now, as these are provided and required for general purposes, the farmer finds it to his advantage to em-

ploy the horses, servants, and family he has about him, in raising produce, which would not repay him in case he made an especial provision for doing so.

A full examination of the effects of tithes shows them to be a tax upon rent, a preventive of the increase of rent, and a species of legal fetters placed upon the natural advance of population, national wealth, and industry. But they do not render corn dearer to the consumer, as Mr. Ricardo will have it; but they do what is even much worse, they operate as a positive and unnecessary check upon national industry and population.

On rich pasture land the natural produce is often so abundant that the increased produce arising from cultivation or tillage is unable to defray the value of the natural produce, and the augmentation of the expenses which have been incurred also. But tithes taken in kind, or when exorbitant demands are made, have the effect of keeping many descriptions of rich land wholly in pasture, as well as inferior soils, which the more natural distribution of produce would place under a course of convertible husbandry.

Mr. Andrew Scott of Walton, on Thames, has given an account of the cost of cultivating 190 acres of tithe-free land, published in the Farmer's Journal, April 2, 1821, which he estimates as follows :

Labour, wear and tear,	L.381	1	9
Seed and horse provender,	366	11	3
Profits of capital,	278	1	6
Surplus or rent,	407	1	0

Total, L.1432 15 6

Estimate of the annual produce of the above farm.

To 45 acres of turnips, at L.4 per acre,	L.180	0	0
45 do. of barley, 5 qrs. per acre, at L.2.0s. 10d. per acre,	450	0	0
45 do. of clover, half mowed and half fed, L.6 per acre,	270	0	0
45 do. of wheat, 3 qrs. at L.4 per qr. L.12 per ac.	540	0	0
10 do. hedges, ditches, roads, &c.	000	0	0
	L.1440	0	0
Balance of annual profits deducted,	7	4	6
Amount of annual expenses,	L.1432	15	6

The above account is a classification and epitome of Mr. Scott's account, in which he has published a promiscuous detail of the several items of expense. This appears to be a tithe-free farm, managed as follows: 1st, Turnips; 2d, Barley; 3d, Clover, one half cut; 4th, Wheat, averaging 30 bushels of wheat per acre; and other produce in proportion; of course, producing weighty crops of turnips, clover, and wheat, it must be good grass land. Now, admitting tithes were taken upon turnips, corn, and hay, in kind, as they could not be estimated at less than L.130 a year, it would seem a necessary consequence, that the whole of this valuable farm would be taken out of convertible husbandry, and placed under permanent pasture, returning more profit to the tenant in that way, and, of course, more rent to the landlord.

Suppose the gross produce in a state of permanent pasture were worth L.3, 10s. per acre, it would amount to L.675 per annum.

If we charge Mr. Scott's profits of the same

As a grazing farm at . . . L.278 1 6

Marketing and attendance, . . . 50 0 0

Rent would then stand, . . . 346 18 6

Total amount of grass produce

as above . . . L.675 0 0

Grazing rent, . . . L.346 18 6

Leaving a balance of deficient rent, if nothing but a light modus were charged for adjustments, as is often the case, to the amount of . . . 60 2 6

Tillage rent, . . . L.407 1 0

Under the above circumstances Mr. Scott could afford his landlord L.69, 17s. 6d. more rent as a grazing farm than if under tillage, but no tithes would be paid, only the modus.

Therefore, a public diminution of income would occur as follows:

1st, Rent, . . . L.60 2 6

2d, Labour, L.25 being deducted for the attendance upon stock, . . . 356 1 9

L.416 4 3

And this, too, occasioned by an individual who reaped no advantage to himself, but was so illiberal as to stop the productive process.

No loss is charged for seed and horse provender, as they form no part of the public income.

Land may be, and often is, so circumstanced, that the proprietor of the soil does not suffer a diminution of rent equal to the whole value of the tithes, if under the most approved system of convertible husbandry. For, in the above case, were the proprietor of the soil and of the tithes to share the proceeds of such a farm according to the reciprocity of interests, the tithes ought to be only one half of the sum lost, owing to the discordant manner in which each proprietor holds his right to the annual returns of the soil. Taking one half of the above, this would make the tithes worth L.30, 1s. 3d. per annum instead of L.130 per annum, the tithes of an improved system of husbandry.

Now it very frequently happens, in the squabbles between the two proprietors, that the description of land farmed by Mr. Scott is consigned to permanent pasture, as the owner of the tithes is very apt to imagine he can command a more valuable portion of the produce than he really can, not seeing that the whole annual rental is diminished only L.60, 2s. 6d. per annum, while the farmer's profits remain the same, though he is unable to find profitable employment for his servants, horses, &c.

But there are farmers who prefer the occupation of a grazier; and these naturally become the tenants of land thrown out of cultivation by the squabbles of two proprietors whose interests are discordant.

Then the public loss stands as follows :

1st, The proprietor of the soil, who has no right to the whole rental,	L.30	1	3
2d, Proprietor of the tithes,	30	1	3
3d, The labouring classes and capitalists who furnish implements of husbandry, &c.	356	1	9

Total loss as before, L.416 4 3

Of every tax upon property, or upon any commodity whatever, tithes upon the gross produce of land fall most unequally, even if a tenth part of the gross produce of every soil whatever were taken. On rich grass lands, and on poor and unproductive soils, which are hardly more profitable in tillage than in permanent pasture, a tenth of the gross produce, on

a comparison between pasturage and tillage, may make a difference to the tithes of more than one half in some instances, and of four times the amount in others. Thus, by throwing the land out of convertible husbandry into permanent pasture, the productive processes of the community depending, as they do, upon a train of combinations properly adjusted, are powerfully arrested.

Were tithes a subtraction from the net surplus produce, they would occasion little more interruption to the good management of the ground than what arose from the limited outlay of the permanent capital invested in a farm. But it is obvious, taken as they are, from the whole gross produce, they take away a portion where nothing ought to be touched, and fall with a heavy hand upon the LABOURS of the farmer, the very agent who supplies the common wants of life.

In this way they operate as a positive check to the productive processes of the community, by preventing the necessary outlay of capital; and the labouring classes cannot acquire that quantity of produce which is sufficient to repay the person who sets them to work.

On a farm of the description mentioned by Mr. Scott, it is obvious that tithes taken in kind would prove a positive hindrance to an annual outlay of L.356, 1s. 9d. in labour, as the cost of that labour could not be repaid to the farmer by any increase of produce, which could possibly make its way into his hands.

To follow the operation of tithes through all their various shades of effect, would prove an endless task. Under very few, if any circumstances, can they be taken in kind without diminishing the annual produce of the grounds that might be profitably raised, were the same land tithe-free. Tithe proprietors seldom view this fact in its proper light. They grasp at more than the reciprocity of interests naturally allotted them, and in doing so often sacrifice their own interests, those of the cultivator of the soil, and of the labouring classes, who contribute their industry to its productiveness, and of the landowner also.

A recluse rector, shut up in his rectory, having a right to tithes on a farm like that estimated by Mr. Scott, protected by a modus which covers adjustments, and adjoined by a well-cultivated tithe-free estate of the same quality, naturally enough thinks that his rights ought to command more than L.30, 1s. 3d. per annum. In the fallaciousness of this opinion he rejects all reasonable offers and gets nothing. He who ought to be mild and benevolent, becomes irritated and unreasonable, and attributes the blame to every one but himself. In the fret-

fulness of his own disposition he throws away the L.30, 1s. 3d. which belongs to him; he throws a like sum out of the pocket of the landowner; and dashes L.356, 1s. 9d. worth of bread from the mouths of the consumers, and of the labouring classes who would have furnished that bread, and thereby gained a comfortable livelihood.

The writer of these pages has no objection to the right of tithes. What he objects to is the discordant interests they create in the distribution of income. We frequently hear it said the clergy scarcely ever obtain their rights. With due deference to the validity of these rights, and the common usage of mankind, they cannot be expected to extend beyond what the reciprocity of interest commands. If the clergy have just claims on the one hand, the landed interest have equally as just claims on the other.

Nor is the solution of the influence of tithes, as given above, an ideal creation. A tract of country is placed within my daily observation, which formerly waved with corn, but now presents scarcely any thing but pasturage, owing to the demands of a rector who neither knows his own interest nor that of his parishioners. Being cold high lying land, the increased produce obtained by cultivation is unable to pay the increased cost which occurs; many of the old tenants are gone; it is let to distant farmers for the purpose of rearing young cattle, and a few hinds are now placed where busy and enterprising tillage farmers, surrounded by industrious servants, formerly lived. Such are the fatal effects of the injudicious demands of a rector, whose benevolence ought to distribute the consolations of religion, the boon of plenty, and the alleviation of misery around him.

Not viewing the extent of his property rightly, what he ought to have rendered the scene of happiness and intelligence is converted into the solitary wanderings of a few cow-herds, and he has driven away the proprietors of the soil themselves from the abodes of hospitality; rural embellishment, and the cheering smiles of industry. This, however, is not the case throughout the whole of the parish to which I allude; but every thing seems to languish on a soil not fertile by nature, in consequence of the rector endeavouring to make the most of his tithes.

Since this part of the work was originally written, a course totally new has been adopted; but the landowners and the tillage farmers are gone, and cannot be restored in a short time, and, perhaps, may never again return to an ungenial soil.

Law and usage, the only intelligible basis of right, have given to the clergy, and, in particular instances, to a few lay proprietors, one-tenth of the gross produce of the soil. But the same right has put a power of discretionary management into the hands of the proprietor, or of his tenants, under the control of his will.

This discretionary power, lodged solely in the proprietor, or in any whom he may appoint, leads him to pursue his own gain alone; and in the maintenance of his personal interests, it is unnatural to think the same extended cultivation which often does little more than defray the expense, and frequently not that, will be exerted to the same degree when tithes fall upon returns so excessively limited.

But the most pernicious operation of tithes consists in their generally falling with the greatest weight where they are the least able to be borne; namely, upon produce obtained by means of expensive processes, which, of themselves, reduce the profits to a very limited amount;—an amount that may be wholly drawn away, when a tenth of the gross produce is claimed by a person who contributes nothing to the production.

Tithe-holders, not paying strict attention to the contingent expenses to which highly cultivated land is liable, frequently and erroneously imagine that the landowners and farmers are full of trickery and guile, never once dreaming that they themselves give occasion to it, by demanding more than the whole profits of cultivation, and thus leaving industry saddled with a dead loss.

It would therefore seem, that tithes are generally viewed as more valuable property than they really are. No sooner are the fullest limits of the claim exerted, than the natural scale of cultivation is contracted, and along with it the amount of tithes.

It frequently happens, when these exorbitant claims are suddenly exerted, that land is occupied by a tenant whose interest it is to create employment for himself, his family, and his horses; and they almost uniformly press harder and harder in proportion as industry is more and more exerted.

In proportion to the natural powers of the soil, tithes are both the most valuable and the least oppressively felt on the middling class of soils, because the profits of industry applied to them are commonly the greatest. On poor soils, and on rich grass land, the artificial produce is so limited on the one, and the natural produce so abundant on the other, that the increased produce is much sooner lost by the increased expenses, than on the middling kinds of land.

There is one memorable fact which no tithe proprietor ought to be misinformed about. The value of tithes is seldom, if ever, equal to one-tenth of the whole cultivated produce which could be profitably acquired, in case the land were tithe-free. This fact, united as it is with the discretionary power of usage reposed in the hands of the proprietor, ought to show the tithe-holder the necessity of limiting his demands to what the reciprocity of interest may command, rather than to insist upon claims whose chief effects are discerned in closing up the natural channels of production.

To put this proposition into other words;—it is almost always unprofitable to raise as great a quantity of gross produce from titheable land, as if the same land were tithe-free. Hence tithes, whenever rigorously claimed, put a stop to the productive process; and the only consolation which the tithe-holder can possess is, that he has the power of trampling upon the bread which he cannot command.

But let him reflect for a single moment to whom the bread he has thus wantonly trampled upon naturally belongs. It is not the bread of the landed proprietor, for he can let his land for a better rent to the grazier, who may not be liable to tithes, and who will at the same time renovate the powers of the soil. It is not that of the capitalist, for the grazier may employ a capital as extensive, and as profitable as that of the tillage farmer. But it is the bread of that labour which goes to support the labourer, and cannot be touched without destroying him, since the productive process is annihilated, and the increase of the human species prevented.

It may be asked how it happens that much land is cultivated where tithes are rigorously exacted, if the arguments just employed be not exaggerated? The answer is obvious; the farmer, who seeks a livelihood in that way, had better employ his family, his servants, and his horses under great disadvantages than not employ them at all. But mark upon whom this falls, not merely upon the landlord alone, since the grazier is ever ready to come into competition with the tillage farmer.

We are therefore brought back to the proposition with which we set out, that tithes rigorously exacted harass and wantonly press down industry. The reader will find this subject continued in the fourth part of the work, under the head, **COMMUTATION OF TITHES.**

Where tithes are let to the occupier of the soil on long leases, they obstruct the progress of husbandry less than when taken in kind; because, during the continuance of such lease the occupier looks as completely to profitable husbandry as

if the land were tithe-free; but still he does not invest a new permanent capital in the soil so freely, since it would, on the expiration of the lease, augment the value of the tithes. (Note K.)

CHAPTER V.

TAXES ON RAW PRODUCE.

TAXES on raw produce may be defined to be, taxes imposed upon the esculent productions of cultivated land, taken in the rude state in which they are brought to market, *ad valorem*.

A tax of this description would so nearly resemble the operation of tithes that any thing further might have been omitted on this head, were it not proper enough to check the highly dangerous doctrines advocated by the late Mr. Ricardo. Should those who maintain these doctrines gain the ascendancy in the councils of the country, it is not altogether impossible but such a system of taxation might be acted upon: or, possibly enough, an *ad valorem* tax upon the gross produce of the soil. Nor is it to be altogether overlooked, that the proposal of such a tax may in future come from the opposite quarter, or be made the groundwork of taxes equally pernicious.

A tax upon raw produce would, in a great measure, fall upon rent, on the labours of the industrious farmer, and thus prove a positive check upon population and wealth. It could not raise the relative value or price of corn—population would shrink from its grasp.

“A tax on raw produce,” Mr. Ricardo observes, “would not be paid by the landlord: it would not be paid by the farmer; but it would be paid in an increased price by the consumer.”

He also observes, “Tithes are a tax on the gross produce of the land, and, like taxes on raw produce, fall WHOLLY on the consumer. They differ from a tax on rent, inasmuch as they affect land which such a tax would not reach, and raise the price of raw produce which that tax would not alter. Lands of the worst quality, as well as of the best, pay tithes,

and exactly in proportion to the quantity of produce obtained from these; tithes are therefore an EQUAL tax."

Suppose the views of Mr. Ricardo were founded in truth, and that a tax on raw produce, as Mr. Ricardo contends, "does not necessarily diminish the quantity of corn, it only raises its money price," having previously observed "it would raise wages." "From the effect of population on the increase of mankind, wages of the lowest kind never continue much above that rate which nature and habit demand for the support of the labourers. This class is never able to bear any considerable portion of taxation; and, consequently, if they had to pay 8s. per quarter in addition for wheat, and in some smaller portion for other necessaries, they would not be able to subsist on the same wages as before, and to keep up the race of labourers." Very good.

But what follows? "Wages would inevitably and necessarily rise, and in proportion as they rose profits would fall. Government would receive a tax of 8s. per quarter on all the corn consumed in the country, a part of which would be paid directly by the consumers of corn, the other part would be paid indirectly by those who employed labour, and would AFFECT PROFITS IN THE SAME MANNER as if wages had been RAISED from the increased demand for labour compared with the supply, or from an INCREASING DIFFICULTY of obtaining the food and necessaries required by the labourer.

"In as far as the tax might affect consumers, it would be an equal tax, but in as far as it could affect profits, it would be a partial tax; for it would NEITHER OPERATE ON THE LANDLORD nor on the stockholder, since they would continue to receive, the one the same money rent, the other the same money dividend as before. A tax on the produce of the land, then, would operate as follows:

"1st, It would raise the price of raw produce by a sum equal to the tax, and would therefore fall on each consumer in proportion to his consumption.

"2dly, It would raise the wages of labour and lower profits."

Now, what are we to gather from these arguments, but that a tax of 10 per cent on the gross produce of the soil, of whatever description, natural or artificial, would be an equal tax? or, to use Mr. Ricardo's own words, "tithes are therefore an equal tax."

Mr. Ricardo appears to acknowledge that population would shrink from the grasp of such a tax; but, in order to get over this stumbling-block, he says, "profits would fall." Why would profits fall?

In the estimates of the standard farm, often referred to in this work, managed upon a purely economical system, only 12 per cent and a fraction of the gross produce, or L.60 per annum, is assigned to the profits of capital. A tenth of the gross produce would amount to L.48, 8s. per annum.

Suppose the whole of this sum were charged to the consumer, and, to enable the labourers to live as well as formerly, their wages rose 10 per cent also, as a provision which "nature and habit demand for their support," L.118, the annual cost of labour, wear and tear, would rise L.11, 16s.; which sum, deducted from L.60, the profits of capital, would leave only L.48, 4s.

But the cost of that proportion of the whole produce which goes to seed and horse provender would rise 10 per cent also; this would amount to L.13, 10s. reducing the L.48. 4s. to L.34, 14s.; when 5 per cent for legal interest was deducted, it would leave only L.4, 14s. annual profits, as a reward for the risk and anxiety incident to the employment of a capital of L.600.

This sum would be inadequate to induce the farmer to lay out his capital in farming; and the same law of political economy which Mr. Ricardo acknowledges would enable the labouring classes to avoid the tax as consumers, would enable the farmer to resist it as a capitalist. Where then must it fall? Both the labourer and the capitalist have the power of resisting it. Mr. Ricardo has observed, "The produce of the earth, ALL that is derived from its surface by the united application of labour, machinery, and capital," (after seed and horse provender are deducted, ought to have been added,) "IS DIVIDED among three classes OF THE COMMUNITY, namely, the proprietor of the land, the owner of the capital or stock necessary for its cultivation, and the labourers by whose industry it is cultivated."

Then it must fall, as I have previously contended, upon rent, or upon the share of "the proprietor of the land," whether the term rent be applied in its philosophical sense or in its vulgar and unphilosophical acceptance; and as the proprietor of the land holds the power of resistance to a given extent, in his discretionary right of the application of tillage, such a tax would also operate as a positive check to the progress of population and public wealth.

But as a link in Mr. Ricardo's theory of taxation has given way, namely, that a tax on raw produce "cannot lower profits," his whole system would appear inapplicable to real life, and nowhere to be found, unless it be imbodyed in an ab-

stract creation of the mind, which is not at all referable to any of the practical relations of public economy.

Mr. Ricardo appears throughout his whole work to have played upon three relative principles, rent, profits, and the reward of labour, almost always taking it for granted that what is gained by one must necessarily be lost, either by one or both of the other two; a sort of rising and falling scheme, which overlooks the main cause, the progressive augmentation of national wealth, gained by the more efficient powers of individual labour.

CHAPTER VI.

TAX ON HUSBANDRY HORSES.

A TAX on husbandry horses is an indirect impost upon the rent of tillage land; the rent of grazing land being exonerated from the tax, which also operates as a positive check upon population and national wealth, upon principles similar to those of a tax upon raw produce. Indeed, the operation of this tax is the same as tithes, when the small tithes are covered by a modus.

Suppose a piece of land in permanent pasture were worth the value of half a bushel of wheat per acre annual rent, or 5s. per acre. In case a labourer, by the aid of horse labour, could raise the produce of this land by cultivation, until he could make good, first, the 5s. per acre rent for the natural produce; secondly, 10 per cent to the owner of the capital who set him to work; and, thirdly, what would enable him to live, in this case, land would be drawn out of permanent pasture, and put under a course of convertible husbandry.

But, if a tax were imposed upon the horses he used, he could no longer make good the three necessary claims of natural produce, use of capital, and his own livelihood. The tax would then compel him either to give up the cultivation of this land or starve. Cultivation and population, therefore, on land so circumstanced, would be wholly arrested by a tax upon husbandry horses.

But, if the labourer could make good the three claims, and pay the tax also, then the landowner would get no more rent than previously. The increased rent which he would otherwise have obtained, would be swallowed up by the tax. Hence the tax would operate as an impost on the rent of tillage land, and exonerate that of pasture, without proving any check to cultivation.

But though the labourers were thus set to work, aided by the power of horses, it might be advantageous to carry horse labour to a point which would leave no return of surplus produce; then the tax would clearly stop the progress of cultivation and population; for what puts a stop to one has necessarily the same effect on the other.

From these considerations, it would appear, that whatever tax, either directly or indirectly, falls upon the powers that till the soil, and render it more productive, not only falls upon rent, but may be regarded as a positive check to cultivation. Rent itself is no check whatever to the productive process, because it is the surplus that remains after the expenses which conduce to production are made good. The claims of labour and capital, when once fully satisfied, or which have been effectually set to work, ask no higher reward, however abundant the returns of their industry and good management may be. It ought here to be observed, that it is impossible so to shape taxation as always to avoid injury to public wealth; but, when it does so, the tax ought to be as general in its operations as possible, and to reach all classes of the people.

Taxes spread lightly over a broad surface, though they may partly obstruct the progressive augmentation of public wealth in the first instance, yet, owing to the demand for labour occasioned by their outlay or the provision of income they afford to those who partake of them, the injury sustained in one of these ways may be fully repaired by the other. Were this not so, particular descriptions of taxes must have long ago almost depopulated many parts of the earth. By the principles of renovation and vigour to which these give rise, the division of labour becomes more perfect, co-operative industry is more forced into action, capital puts forth its amazing powers, and those who remain productive labourers, by the aid of these powerful helps, are enabled to free society from the evils that may arise out of injudicious taxation.

CHAPTER VII.

TAXES ON SALT, LEATHER, SOAP, CANDLES, &c.

FROM what has been already said under the head of taxation, the reader must be fully aware that this class of taxes falls upon consumers in general. But, constituting a portion of the common wants of life, they also operate as positive checks to the productive process upon which wealth depends.

These taxes can only be vindicated upon the grounds of necessity, though it had been much better had they never been imposed. They are, however, somewhat less objectionable than taxes upon raw produce, husbandry horses, &c. for these are not only partial taxes, directed at a peculiar class of individuals, but they are directly levelled against national welfare and industry.

Taxation, it has been already shown, has one good effect; it tends to increase the public expenditure, and thereby create a demand for labour where it might not otherwise exist. He who holds funds, the use of which is optional, is compelled to part with these through the medium of taxes levied upon articles that cannot be dispensed with. The expenditure which this class of taxes creates, by drawing forth income which might have been unproductive in any other way, makes up partly but not altogether for the loss sustained in consequence of taxes which reach the labouring classes.

Besides, were these taxes repealed, upon what else could they be laid which would prove less pernicious? Loaded as rent is with parochial assessments, tithes, customary and leasehold tenures, window and horse duty, &c. without ever taking into account private mortgages and money loans, enhanced by a money unit that has been raised in value; it may be questioned whether these duties could be withdrawn in any other way than by levying taxes on rents. [This was written in 1821.] The salt tax was certainly very oppressive to the labouring classes; who ought never to pay any direct tax upon the necessities of life.

CHAPTER VIII.

TAX ON CLOVER SEED IMPORTED FROM FOREIGN PARTS.

THIS tax falls upon the rent of land on which these seeds are sown, and operates as a positive check upon cultivation.

Such a tax is a sort of useless bounty given to the home grower of clover, as it has the effect of raising the market value of that article higher than would otherwise be the case.

This encouragement is, however, given at the expense of the landed interest to the detriment of trade, and of the general wealth and prosperity of the country.

In short, no tax can possibly be more injudicious: first, it falls partially; secondly, it is no way connected with the promotion of knowledge; and, thirdly, it limits the general commerce and prosperity of the country.

CHAPTER IX.

TAX ON FOREIGN CORN.

THIS tax operates differently from that on clover. Nor does it fall upon the consumer. For it does not naturally render corn dearer, which is a requisite of every tax that makes its way to the consumer. Nor is it any bounty to the home grower of grain.

Suppose the importation of foreign corn were wholly restricted, population would equal the home means of subsistence; and provided the interchange of commerce should produce large importations of foreign grain, these would advance population in the same ratio, and place the value of home farm produce just where it would have been had no import-

ation been made. These arguments are, however, advanced upon the grounds that our corn laws were always the same.

Restrictions, whether by duties or prohibitions, on the importations of foreign grain, in a country like England, have the effect of limiting population, foreign commerce, and public wealth.

The reader will find this subject argued at more length in the fourth part of this work, under the head corn laws.

CHAPTER X.

TAXES ON IMPORTED COTTON, WOOL, BAR-IRON, OR ANY OTHER RAW MATERIAL MADE USE OF IN THE MANUFACTURE OF EXPORT INDUSTRY.

THE price of export labour, it has been already contended, is regulated by the price of what is produced by it, when disposed of in a foreign market; that this circumstance regulates the price of labour dependent on purely home demands, which again regulates the price of domestic produce, in obedience to the natural relations and proportions of price, established by the general influence of the social compact.

As the aggregate value of productions sent to a foreign market, is formed of the wages of labour, or labour's worth, suppose we say that the proceeds of our manufactures are divided among the labouring classes, then the tax of the raw material forming the basis of their labours, must be deducted from the price of their labour, since the prices of the foreign market are regulated by the general trade of the world.

A tax on the raw material of manufacture would therefore have the effect of lowering the price of labour, estimated in gold and silver, which would be brought into the country less abundantly; it would therefore appear, the ultimate effect of such taxes is the lowering of money prices in general, and, of course, it produces a rise in the value of the precious metals as articles of commerce,

Thus a tax on the raw materials of our manufactures has the effect of lowering the price of labour, land, and produce in general. That part, however, of the productions into which it entered, consumed in the home market, would fall upon the consumer.

The manifest mischievous tendency of such taxes is obvious. 1st, They lower prices generally, and raise in a corresponding ratio the value of all monied engagements formed prior to their being imposed, but the tax falls on the consumers of foreign produce imported.

2dly, They obstruct and limit the natural extent and reciprocal advantages of foreign commerce, and create a power of competition where none previously existed.

3dly, They check the general wealth of the country by their limitation of foreign trade.

4thly, They check the productive process at home, in consequence of imposing duties upon the common wants of life, enhancing the difficulty of providing for a family, and thus placing a positive check upon the natural advances of population.

A glance over the first of these propositions presents to our view a curious law in public economy. The direct operation of a tax on raw cotton imported into England, from the United States of America, increased in value by the labour and capital bestowed upon it by our manufacturers, and again disposed of on the continent of Europe, has a direct tendency to raise the exchangeable value of bullion in this country as an article of merchandise, and ultimately leaves the relative value of all home produce the same.

Very little attention is requisite to show us that a tax levied upon a commodity we carry to market, if we have no means of laying the tax on the commodity disposed of, must naturally disable us from repurchasing so great a quantity of goods at market with the proceeds.

When we take our manufactured cottons to a foreign market, they come in competition with the untaxed cotton manufactures of other countries, consequently we cannot sell British manufactures a single farthing higher than if the raw material were untaxed. As a part of the proceeds goes to government, it must be charged somewhere, it cannot be laid upon the commodity, is therefore laid upon the wages of labour, while the labourer lays it upon home produce he purchases, by sinking home prices to a level with his own. Every thing having assumed a new set of relations at home, founded upon lower prices, as measured in bullion, the con-

sumers of foreign produce find themselves unable to purchase equal quantities of foreign productions as formerly. The foreigner, meeting with no new competition in our markets, does not diminish the price of his productions, and labour remains at the same price at home.

Then, as the home productions have fallen in value, measured in bullion only, and in all other foreign productions, the tax is by that means laid upon those who consume foreign merchandise, and, upon the same principles, bullion also rises in value, and home prices fall without producing any alteration in the prices of the world at large.

A tax levied upon raw cotton would not lower the price of cotton goods along with other things, and therefore the tax would fall on the consumer of cotton manufactures at home.

2dly, As a tax on raw cotton would be a partial tax, it would discourage that description of exported industry, and encourage other branches by enabling them to compete more successfully in the market of labour with other competitors.

But as the consumers at home felt a greater difficulty of purchasing articles of import merchandise, this advantage would be partly counteracted by the discouragement which the foreign trader would receive in the particular country that diminished its foreign purchases or expenditure. When, however, the operative cotton manufacturer came to work up taxed cotton; the woollen manufacturer taxed wool, the cutler taxed iron, &c. if these taxes fell equally on all, the discouragement would be felt equally, and, of course, would act as a direct obstruction to foreign commerce.

A light tax on cotton, wool, and iron, may not produce any perceivable effect on foreign trade. But were these taxes levied cent per cent *ad valorem*, it is obvious that they would be very powerfully felt.

3dly, It has been shown, in the solution of the first proposition, how a tax on the raw materials of manufacture of export industry checks the general wealth of the country by the limitation of foreign trade; or at least the solution to the third proposition may be made by inference.

And the fourth proposition, that this description of taxes checks the productive processes at home, follows from the same inference.

CHAPTER XI.

TAX ON STAMPS, LEGACIES, AND A POUNDAGE ON
PUBLIC SALES.

WE have now gone through a great mass of taxes, which appear extremely oppressive, and calculated to weaken rather than protect the natural powers of the state, and which may act as positive checks upon the productive processes of wealth to such an extent, as to weigh down every power which industry, skill, and capital, can create.

Their oppressive tendency is certainly somewhat alleviated by the impetus they give to the annual income of the country. It is this counteraction which has hitherto saved us, and preserved British prosperity amidst the most amazing difficulties.

It is, however, a great consolation to find that the general system of British taxation, for the support of government and general purposes, is such that, though there are certainly some which cannot be approved, yet their amount is so limited as to be scarcely felt.

We, however, now come to a head of taxes to a great amount, which falling, as they do, quite partially, appear extremely unfair and oppressive. A tax, to be equitable and politic, ought to be general; equally levied according to the means, and in no way detrimental to public happiness and industry. The latter of these requisites certainly agrees with the taxes at the head of this chapter, but the former objections appear to remain in full force.

If, however, we consider the great elements of society, the advantages resulting from the protection of person and property, the freedom of the accumulation of wealth, and of its disposal, added to the pernicious tendency of hoarding and accumulating wealth, from the annual returns of realised income, no imposts can be more justly levied in aid of the public revenue than these, modified as they are at present upon a progressive scale of value.

In turbulent states, the owner of the soil possesses a species of property the most secure, and the least liable to be

lost. Moveable capital is the next so, and property in money loans is the most precarious. On this account it stands greatly in need of equitable laws, and a well-regulated government, and a firm executive power. Common equity would seem to demand that it should contribute to the maintenance of that power to which it owes its protection and security, and it cannot do so in a better form than through the medium of stamp and legacy duties.

If hoarding retard the circulation of income, it is often for a season only, and may in the end give it a more forcible impetus. The owner of landed property, by the accumulation of money, enables his successor to repair the family mansion or to build a new one, furnish it according to the prevailing fashions of taste and elegance, and invest a new capital in the improvement of his farms.

Hoarding, then, though it may check the currency of wealth for a time, is often pent up for the purpose of giving a more rapid impulse to it in future. But taxes, levied in its torpid or uncirculated state, are perfectly fair and reasonable. Besides, there are no indirect methods which render hoarded property available to the public revenue through the medium of consumption.

It may, indeed, remain as a matter of opinion, in what manner this sort of duties ought to be levied, and to what amount. But this is the business of the speculative politician, who is fond of pursuing the baseless rules of abstract right, and therefore I shall not meddle with it. The right of the free disposal of property by will, is so consoling to the human mind, and of a nature so precarious and liable to abuse, that an impost on legacies seems only fair and reasonable, and affords full means of taxing the property of the hoarder at the same time.

The hoarder, being indebted to the laws of a well-regulated state of society for the security of the property he has enjoyed, and having avoided many of those contributions which tend to uphold the validity of that property during his lifetime, only pays back what he justly owes to the body politic by a tax upon the capital stock of the personal property he may die possessed of. Nor would it be unreasonable to extend such tax to all real property purchased in his lifetime, first deducting all sums of money he may stand indebted to other people. In this way real property, purchased by the advance of personal property or savings, would equally contribute to the maintenance of those legal enactments and regulations which secured property to an appointed successor.

Though it may seem fair to charge commodities, or land sold in public with a poundage, yet it is neither fair nor reasonable to excuse the public disposal of the property of a bankrupt, and charge that of a debtor, who has assigned over his property for the general benefit of his creditors. Probably enough, the debtor has for a long time been rioting in luxury or highly taxed articles, and, through this medium, carried away a great deal of the property of his creditors into the hands of the public revenue. It is therefore unreasonable to think that government should claim a dividend for what remains after his extravagance has terminated.

CHAPTER XII.

TAXES ON BRICKS, TILES, AND COAL, CARRIED COASTWISE.

OVER all our sources of taxation this is the most intolerable, from its direct partiality. He who is fortunate enough to be near excellent freestone and slate quarries, in a great measure avoids the tax; while the man who is so unfortunate as to be far removed from them, is subjected to a duty which adds to the difficulty of procuring building materials.

A tax on coal carried coastwise has not only the objection of partiality opposed to it, but it is also a tax upon the means of living, and the implements of industry, in places where they are supplied with sea-borne coal. Such a tax, therefore, opposes the division of labour, and co-operative industry, and may frequently destroy a workshop, in every other respect highly advantageous.

To put this tax into a supposed form, were all coal used in towns of more than one thousand inhabitants taxed cent per cent of its value, the rise of large towns would be almost wholly prevented, and the main sources of national prosperity obstructed.

CHAPTER XIII.

TAXES ON GOLD.

MR. RICARDO has very justly observed, that "the demand for money is not for a definite quantity, as is the demand for clothes or for food." One day's labour and toil must of necessity command one day's subsistence; but there is no necessity that one day's labour and toil should command any definite quantity of the luxuries of life. As gold may be ranked among articles of merchandise that do not administer to the common wants of nature, so the demand for gold is not for any definite quantity. We see these exemplified in the fact, that seventy years ago the medium rate of one week's farm labour in Cumberland was equal to the purchase of rather more than forty quarts of wheat; and we find the same proportion of value, between labour and wheat, was peculiar to the year 1808.

In 1749, in the same county, a labourer could, on a medium, purchase 1 dwt. 4 gr. of gold with his weekly earnings; but in 1808 he could purchase 3 dwt. 21 gr. of that metal with an equal quantity of labour. These facts place the truth of Mr. Ricardo's proposition in a clear practical light.

But a tax levied upon gold, in proportion to the annual supply of the mines, when first imposed, will have effects very different from taxes so imposed on most other luxuries. With them the supply and the consumption go on hand in hand; and were the supply to cease, the old stock would soon be wholly consumed. But the quantity of gold at market affords a supply for a long period of time, which is not liable to a speedy consumption.

From this difference in circumstances, a tax suddenly imposed on common luxuries falls immediately upon the consumers; but a tax imposed on gold, when brought from the mines, and in proportion to its quantity and fineness, cannot be immediately laid upon the consumers, the quantity already at market will prevent it; therefore at first it will ope-

rate on gold mines in the same way as tithes affect the produce of land; it will fall on rent, and prove a positive check upon the production also, until the old supply at market has raised its value again, so as to set the mines free, as the labourer is not under the necessity of obtaining any definite quantity.

It would seem that a tax on gold has the effect of raising its value by limiting the supply. But the process which effected this change would be extremely slow in its operation; probably after fifty, one hundred, or two hundred years, according to circumstances, and the amount of the tax.

In the same way, a tax imposed on all the bullion imported into Great Britain, or upon coined money, would have the effect of raising its value; but the operation would be almost immediate.

Suppose bank notes were convertible into the current coin of the realm at the will of the holder,—that coined gold were the only legal tender, and that government charged a duty of 50 per cent on all bullion coined at the mint, then all prices in England, measured in such a currency, would fall to one half of their former amount; because, were coined gold circulated at L.3, 17s. 10½d. per oz. the market rate of standard bullion in bars would be reduced to L.1, 18s. 11½d. per oz.

On the other hand, a tax so imposed would have the effect of lowering the value of bullion as an article of commerce, not by a direct check on the productiveness of the mines, but by causing one half of the quantity to answer the purposes of circulation in Great Britain, so as to throw the other half on the general circulation of the world, and lower to the exchangeable value of bullion, by raising real prices in all other countries. Prices would therefore not fall in Great Britain to the whole amount of the tax; probably not more than 47 or 48 per cent instead of 50.

Were every government in the world to levy a like tax of 50 per cent on all current gold and silver, real prices would not fall immediately. The amount of currency would not be diminished. But while prices remained really the same, the real value of bar gold having been reduced one half, would then operate as a check upon mining, because bar gold would only be of one half the nominal value as when coined.

A tax of 50 per cent upon coined money would render it of twice the value in exchange, in its quality of circulating medium, than in its character as an article of merchandise, because it would purchase twice the quantity of commodities more in the one way than in the other.

The moment that bar gold was thus forced down in its real value, the quantity of it used in manufactures would increase, and tend to produce a more rapid rise in the value of gold in circulation, than could have occurred, had the amount of bullion remained the same.

Hence, though prices would not fall on the first operations of imposing a tax on bullion, yet a gradual decline of the amount of coined money, from the more extended use of the precious metals in manufactures, would produce a fall of prices in a corresponding ratio.

It would then appear that a universal tax of 50 per cent on all coined silver and gold, admitting coin were the only legal tenders in exchange, would place these metals under the two opposite laws of contingent and natural value, which might move on for fifty or a hundred years.

This double operation points out to the political economist the false views to which he may be led, by looking altogether at natural relations, without taking such as are of a temporary standing into account.

It may be said, we have no taxes imposed upon coined money of the description here supposed. Granted. But if the value of the precious metals, as merchandise, has not been forced down by heavy imposts on coined money, their value has been forced down by the issue of bank notes as a substitute in place of them; and thus the value of the money unit has been deranged in a much greater degree than even a duty itself could have effected.

From the year 1780 to the year 1808, in this country the bank note system at home and abroad forced down the value of gold and silver both as merchandise and currency to the amount of more than cent per cent. The natural consequence has been, in the first place, an increased consumption of gold and silver in manufactures, and a decrease in the annual supply from the mines. These artificial and temporary causes having gradually continued to draw the precious metal more and more from their natural value, in time the natural value has again begun to react in the opposite direction,—bank notes diminish; and thus prices, measured in equal quantities of bullion, for a time return back to their original rate.

It would seem, were the paper circulating medium wholly put a stop to, that prices would fall below what they were when bank notes were first issued. The quantity of gold and silver in circulation as coin being less now than formerly, the paper being altogether withdrawn would place prices lower than if a single bank note had never been issued.

Nothing can show either the subtlety of taxation more thoroughly than imposts levied on the precious metals in different stages of their current and mercantile values, or exhibit how important it is in political economy to consider the bearing of temporary relations of value with as much care as those which are natural or ultimate.

Mr. Ricardo, having omitted this double or involved consideration, has amused himself and the world at large with a strain of abstract relations totally different from any thing to be found in the actual movements of real life. What may require an age to come to a natural balance, Mr. Ricardo, in the rapid adjustment of his abstract creations, would accomplish within a very limited period of time, or overlook the existence of it altogether. "Like every other commodity," he says, "the value of the metals is subject to variations. Improvements may be made in the implements of machinery used in mining, which may abridge labour; new and more productive mines may be discovered, in which, with the same labour, more metal may be obtained; or the facilities of bringing it to market may be increased. IN EITHER OF THESE CASES the metal would fall in value, and would therefore exchange for a less quantity of other things. On the other hand, from the increasing difficulty of obtaining the metal, occasioned by the greater depth at which the mine must be worked, and the accumulation of water or any other contingency, its value, compared with that of other things, might be considerably increased."

"It has therefore been justly observed, that however honestly the coin of a country may conform to its standard, money made of gold and silver is still liable to fluctuations in value, not only accidental and temporary, but to permanent variations in the same manner as other commodities."

"By the discovery of America and the rich mines in which it abounds, a very great effect was produced on the natural price of the precious metals. This effect is by many supposed not yet to have terminated. It is probable however that ALL the effects on the value of the metals resulting from the discovery of America have ceased; and if ANY FALL has of late years taken place in their value, IT is to be attributed to improvements in the mode of working the mines." (Note L.)

"From WHATEVER cause it may have proceeded, the effects have been so slow and gradual, that little practical inconvenience has been felt from gold and silver being the general medium in which the value of all other things is estimated. Though undoubtedly a variable measure of value, there is probably no commodity subject to fewer variations."

“Having acknowledged the imperfections to which money made of gold and silver is liable as a measure of value, from the GREATER OR LESS quantity of labour which may, under varying circumstances, be necessary for the production of those metals, we may be permitted to make the supposition that all these imperfections were removed, and that EQUAL QUANTITIES of labour COULD at ALL times obtain from the mine which paid no rent, equal quantities of gold. Gold would then be an invariable standard of value.”

Here we have neither one word respecting the effects of circulating a substitute of bank paper along with the precious metals, nor the influence of more efficient powers of production occasioning money to flow into a particular country at a quicker rate; obstructions and restrictive duties that may be suddenly imposed upon merchandise sold abroad; and the competition to which mechanical aids are in time liable to encounter, not only from abroad but even at home; all of which tend to vary the value of the precious metals in particular countries often in a much more important degree than any circumstances that are peculiar to the working of the mines.

Not content with these omissions, in one sweeping clause Mr. Ricardo says, “from WHATEVER cause it may have proceeded, little practical inconvenience has been felt from gold and silver being the general medium in which the value of all other things is estimated.”

The reader will hardly fail to perceive that the leading errors of Mr. Ricardo have arisen from the little attention he has paid to incidental and temporary causes. One thing however must be remarked, he seems all along to have had similar views of the principles of value upon which this work is founded; but they are evidently too vague and confused for application, as well as too generalized and abstract.

He is however very unfortunate in his denial of practical inconvenience, when it is a certain fact that 2 dwt. 11 gr. of gold would purchase as much labour, land, or the produce of land at present, (1824) as 3 dwt. 21 gr. would have purchased in 1808.

In short, his views appear ill calculated to secure that regular and invariable system of money which is calculated to allay the ferment of the public mind, to infuse general prosperity into the public and private affairs of the country, and to enable the debtor to fulfil his monied obligations in value received.

CHAPTER XIV.

AN INQUIRY INTO THE PRINCIPLES OF THE FUNDING SYSTEM, AND THE NATIONAL DEBT OF GREAT BRITAIN.

SECTION I.

On the Principles of the Funding System.

PUBLIC loans augment taxation in the exact ratio in which annual interest is paid.

Capital, laid out in productive purposes, usually returns an annual income, the amount of which exceeds the annual use or interest, and leaves a profit which goes to reward the employer of that capital; but public loans, in the ordinary way of government expenditure, yield no return of annual income, and, therefore, whatever interest is paid can only be procured by an additional amount of taxes.

Had Henry the Third, in the year 1262, borrowed one farthing, for which 5 per cent annual interest had been paid ever since; and had he and his successors borrowed the whole of that annual interest as it became due, and thus suffered the debt to accumulate at compound interest, the nation would have now been involved in a public debt of L.600,000,000 sterling; and it would require 576,000,000,000 times more taxes to discharge a debt so accumulated, than were requisite to suppress that system of funding in the year 1262; nor would such a scheme of borrowing have empowered the government to lay out a single farthing since the time of Henry the Third, though it were now involved in a debt of L.600,000,000.

Government chiefly borrows money at a higher rate of interest than 5 per cent per annum. If, then, a public debt of L.2,343,150 sterling had no taxes appropriated to the discharge either of principal or interest since the year 1714, and had multiplied itself eight times at compound interest in

money borrowed at a higher rate than 5 per cent, that debt would now be increased to L.600,000,000 sterling, and the present interest, at a legal rate, would amount to L.30,000,000 a year. Nor would a debt so accumulated have produced a single penny in aid of the public expenditure since that time, though the annual interest were regularly borrowed, and that expenditure would be wholly provided for by annual taxes levied upon the people; and it would now require two hundred and fifty-six times as many taxes to discharge such a debt, as would have suppressed it in the year 1714; thus multiplying taxation two hundred and fifty-six times by a system of funding so continued.

A very slight investigation of the manner in which the public debt of the United Kingdom has been contracted, is sufficient to convince us that it has arisen from a sum of less than L.3,000,000, having been permitted to accumulate at compound interest since the year 1714. The different wars in which Great Britain has been engaged since that period, commenced in the years 1739, 1755, 1776, and 1793. The annual interest of the national debt at each of these dates, and in the years 1714 and 1820, stood as follows :

Year.	Per Annum.
1714	L.3,351,338
1739	1,964,025
1755	2,396,717
1776	4,476,821
1793	8,176,336
1820	30,000,000

If we multiply the annual interest in each period by 20, we shall have the following principals at the rate of 5 per cent interest :—(Note M.)

Year.	Per Annum.
1714	L.67,026,760
1739	39,280,500
1755	47,934,340
1776	89,536,420
1793	163,526,720
1820	600,000,000

If we calculate compound interest at 5 per cent on these several principals up to the year 1820, we shall have the following results :

Year.	Principal.	Years.	Principal and Interest.
1714 . . .	L.67,026,760 . . .	106 . . .	L.11,810,115,112
1739 . . .	39,280,500 . . .	81 . . .	2,044,082,400
1755 . . .	47,934,340 . . .	65 . . .	1,142,754,665
1776 . . .	89,536,420 . . .	44 . . .	766,163,145
1793 . . .	163,526,720 . . .	27 . . .	610,527,009
1820 . . .	600,000,000	600,000,000

According to these statements, it would appear that, had the nation not been burthened with a previous debt, in the years 1714, 1739, 1755, and 1776, and 1793 respectively, we should have been without any burthen of the kind at present, if the public revenue and expenditure, exclusive of the interest arising from former incumbrances, had continued the same; and, therefore, the present national debt is an accumulation of compound interest on a less sum than L.3,000,000 sterling, borrowed previously to the year 1714, which sum has given no more power to the country since that year, than a farthing borrowed in the reign of Henry the Third would have done.

For as the debt contracted at the close of the war in 1714, as well as the several amounts of the national debt at the commencement of the wars which broke out in the years 1739, 1755, 1776, and 1793, calculated at compound interest respectively, produce sums equal to the debt of the year 1820, it shows most clearly that the contracting of the present national debt has contributed nothing whatever, in any one period of time, since the year 1714, towards defraying the civil and military expenditure of the country; and it ought to be remembered that, if it has on no occasion since that year increased the means of our civil and military establishment, it can have been of no service in enabling the country to carry on its late wars, and has tended only to keep up an enormous taxation in peace, which the government, on the breaking out of every successive war, has appropriated to war purposes, and borrowed the interest of the old debt during the continuance of that war, and also until the actual debt contracted to carry it on was wholly discharged; and, when this was accomplished, then the surplus taxes were again applied to the management of the old debt of 1714, which, during a few years, or until the commencement of the succeeding war, stopped the progress of its accumulation at compound interest, and liquidated a few millions of the old debt itself. For we see that if the debt of 1714 had gone on accumulating at compound interest up to the year 1820, it would then have amounted to L.11,810,115,112; and, after the same manner, from the commencement of each succeeding war to the year

1822, it would have exceeded the present national debt in amount. Thus showing most decidedly that the funding system has contributed nothing towards carrying on any of the wars the country has waged since the death of Queen Anne. The real service of the national debt has been that of keeping up taxation during times of peace; and as taxes are what constitute the real sinews of war, if the annual interest of the nominal capital called the national debt could be obtained upon credit, so the means of waging war would be always at hand, while the public creditor was satisfied with a new promise to pay. In truth, this has been the principles of the funding system in all our various wars since the demise of Queen Anne.

It would appear that a portion of the revenues of George the First, George the Second, and George the Third, were appropriated to the payment of a part of the interest and principal of the old debt of 1714; therefore, *the public expenditure, exclusive* of the payment of interest on the nominal and unproductive capital called the national debt, has been uniformly LESS than *the amount of revenue raised by public taxation*—thus establishing the position, on the most unquestionable data, that the present national debt of L.600,000,000 Sterling is the accumulation, at compound interest, of a less sum than L.3,000,000 Sterling, borrowed in the reign of Queen Anne: because, as a portion of the old debt was never at any time wholly liquidated, it follows, as a matter of course, that such portion would continually increase at compound interest.

But, upon the aggregate debt, this augmentation of the gross amount did not proceed in regular progression. During peace the public creditor received his annual interest out of the public revenues; and as he paid no valuable consideration to government for the receipt of his interest, nothing more was required on the breaking out of a new war than that he should lend this interest to government, and betake himself to some active employment while the receipt of his income from the public revenue was suspended. He was induced to do this from the high interest offered in time of war; and he is induced to spend it in peace, or lay it out in the formation of new capital, owing to the low interest he obtains. This at once explains the low price of the public funds in war, and their comparatively high price in peace, since it is the manner in which high interest manifests itself in the one case, and in which a low rate of interest exhibits itself in the other.

It would appear, that if the same revenue had been raised from the people of the United Kingdom, as has been the case since the commencement of the reign of Queen Anne, in each respective period, the same sums of money being expended since her reign, which have been expended, the interest of debt being forcibly reduced as it has been, and had there either been expended in the reign of Anne the sum of L.2,343,750 sterling less than was expended, or the additional amount of that sum raised in taxes, we should at present have had no national debt; as that sum, multiplied eight times at compound interest, gives a total of L.600,000,000 Sterling.

The revenues of George I. exceeded the public expenditure to the amount of L.38,386,768 Sterling; which sum was paid over to the account of the debt that existed at the time of his accession to the throne.

From 1727 to 1739, the revenues of George II. exceeded the public expenditure by the sum of L.31,748,224 Sterling. This sum was also carried to the account of the debt of 1714.

From 1739 to 1754, the whole of the public revenues was absorbed by the war-expenditure which occurred within that period of time, during which the interest of the old debt of 1714 was borrowed and allowed to accumulate at compound interest.

In 1754 the public revenues were again liberated; and in that year the sum of L.2,466,438 sterling was paid over to the account of the debt of 1739, being little more than one year's interest at that time.

In 1755 a new war with France broke out. The payment of the interest of the old debt out of the public revenues was again suspended, and allowed to accumulate, as in the former war, at compound interest, that interest being wholly borrowed. In this war a new debt was contracted, the principal and interest of which was again fully discharged in the year 1769; and from that year to the breaking out of the American war, about L.28,900,000 Sterling were paid towards the debt of 1755, being at that time about six and a half years' interest.

The American war commenced in 1776, from which year the expenditure of government absorbed the whole of the public revenues until the end of 1788. About the close of that year, the new debt created in the American contest was wholly discharged, leaving the old debt to accumulate at compound interest. But the public revenues being again at liberty in 1788, a further sum of L.38,909,034 sterling

was again paid out of the exchequer towards the account of the debt of 1776. This sum amounted to about four and a half years' interest.

The expenditure of the revolutionary war which commenced in 1793, absorbed the whole of the public revenues up to the close of the year 1820, leaving the debt of 1793 to accumulate at compound interest, through a period of twenty-seven years.

Since the year 1714, there have been advanced towards the interest of the debt of that year, out of the public income,

In the reign of Geo. I.	L.38,386,768	
From 1727 to 1739, Geo. II.	31,748,224	
In the year 1754, ditto	2,466,438,	1 year's interest.
From 1769 to 1776, Geo. III.	28,900,000,	6½ ditto
From 1788 to 1793, ditto	38,909,034,	4½ ditto
<hr/>		
Total	L.140,410,464,	12 ditto,

Thus it appears, that since the year 1714 there has been set aside out of the public revenue a sum of L.140,410,464 towards the account of the old debt of 1714; and that L.600,000,000 Sterling of it, accumulated at compound interest in different periods, still remain undischarged. From 1739 to 1820, the debt of the former year was allowed to increase at compound interest in sixty-nine years; the interest having been paid in twelve years only, and no part of the principal. Subsequently to 1739 there has been paid out of the public revenue towards the management of the then existing debt the sum of about L.70,275,472 sterling, which does not amount to two and a half years' interest of the present debt. As this sum has been paid out of the public income in a period of eighty-one years, the management of the national debt has deducted from that income about L.870,000 per annum; but the interest now exceeds L.30,000,000 per annum.

It may be said, that the interest of the old debt of 1714 has been regularly paid out of the public revenues, and a part of the resources which went to carry on the wars subsequent to the years 1739, 1755, 1776, and 1793, was borrowed, and constituted a new loan.

Our ministers of finance have unquestionably thrown the national debt into this verbal form. But the real nature of the transaction has been, however disguised in the mazes of finance, that the revenue was wholly expended in the maintenance of the civil and military establishments of the coun-

try in sixty-nine years out of the last eighty-one; that the interest of the old debt of 1714, in its accumulated or compound state, has been paid in only twelve intermediate years; and that the debt of L.600,000,000 sterling, in which the state is now involved, has never enabled the country to carry a single additional bayonet into the field, since the reign of Queen Anne.

The principles of the funding system are still more clearly illustrated by the following table, which is an estimate of the public revenue of Great Britain raised by taxes upon the people, since the accession of William and Mary to the throne, and also of the civil and military expenditure defrayed out of those taxes.—(Note N.)

Reigns.	Public Revenue raised by Taxes upon the People.	The total Expenditure of Government in Civil and Military Purposes.	Balance of Revenue in Excess above Expenditure.	Balance of Expenditure in Excess above Revenue.
	£	£	£	£
William and Mary,	58,698,689	72,047,369		13,348,680
Anne, . . .	62,520,377	122,373,531		59,85,3154
George I. . .	77,000,067	38,613,281	38,386,786	
George II. . .	217,217,301	183,002,639	34,214,662	
George III. . .	1,705,652,101	1,421,224,285	284,427,816	
George IV. up to 1824. }	208,000,000	74,000,000	131,000,000	
Balance in favour of revenue, }		417,827,430		417,827,430
Totals,	2,329,088,535	2,329,088,535	491,029,264	491,029,264

Balance of the public revenues, raised by taxes upon the people, since the accession of William and Mary to the throne, in excess above the whole civil and military expenditure, L.417,827,430

Supposed value of the present national debt, (1824) 600,000,000

Total excess of public receipts above the civil and military expenditure, L.1,017,827,430

If the civil and military expenditure of government should on no occasion exceed the public revenue raised in taxes upon the people, it would be quite impossible that any national debt could ever be contracted; and as we see that the public revenues of George I. exceeded the whole of his civil and military expenditure by L.38,386,786, it follows that, taking also into account the excess of the taxes above the civil and military expenditure in the reigns of George II.

George III. and George IV. respectively, no part of the present national debt can have been caused by an excess of expenditure above revenue, since the year 1714; and that there has been already charged to the public, on account of the principal and interest of the public debt of that year, the sum of L.1,091,029,264.

However curious it may appear, on casting the eye over the statements contained in the above table, that the country is now in a public debt of L.600,000,000 Sterling, it is nevertheless a result which arises out of a critical enquiry into these accounts themselves; and that result must be obvious when we reflect that the debt of 1714, calculated at compound interest, would in 1820 have amounted to L.11,810,115,112.

Parliament have furnished us with satisfactory evidence of the truth of this conclusion. According to a public document laid before the House of Commons, there was paid into the public treasury, from the year 1792 up to the year ending 1816, the sum of L.1,166,564,034, 19s. 6d.; and that the total civil and military expenditure of the country in the same period amounted to L.1,079,244,746, 10s. 10d., which shows that the revenue raised in public taxes upon the people during the late war, exceeded the whole civil and military expenditure of government, that very expenditure which can alone occasion a public debt, by the sum of L.87,319,288; and, therefore, the national debt of the year 1816, was the debt of 1793, accumulated at compound interest during the war, in consequence of government having used the greatest portion of the public taxes for war purposes, and of having paid the interest of the public debt by annually reborrowing that interest, and placing it to the public account as a new principal added to the former debt. For what does parliament itself say? It is true that the public taxes exceeded the whole civil and military expenditure of the country during the late wars, by the sum of L.87,319,288; and were the revenue raised in taxes upon the people, compared with the civil and military expenditure incurred by government during the periods in which we have been at war since the year 1714, similar results would be produced; that is, an excess of revenue above expenditure during the continuance of the war, or within a very few years of its termination.

The facility with which public loans were made during the late war, frequently surprised our most able and acute financiers. As the annual loans were mostly counterbalanced by the interest of former loans, grounded, in point of fact, upon a nominal capital, these funding transactions were no more than placing one nominal balance against the other; and the

difficulty did not consist in obtaining sums of money, but in keeping up those appearances which enabled government to borrow thirty millions as easily as if the sum wanted had only been thirty pounds.

In the year ending 1811, government raised by substantial taxes upon the people, the sum of L.68,061,896, 14s. 1d. and they expended within the year, in civil and military purposes, L.62,488,478, 19s. 7d. Therefore the real public revenue exceeded the real expenditure by L.5,573,417, 14s. 6d.

Every fund created upon a sum of money laid out in unproductive purposes, must necessarily be grounded on a capital which vanishes and becomes nominal the moment it is expended. A sum of money laid out in the creation of a productive capital is quite different, as it is expected to replace itself with a profit, besides defraying the annual charge of use. As a national debt is wholly of the former description, it is not at all surprising that the annual interest of this nominal capital, even if it amounted to L.1,000,000,000 sterling per annum, should be easily obtained by way of loan, while the lender had full confidence in the borrower, though the real foundation might be a mere bubble;—because, as both sides of the balance sheet are purely nominal, it is just as easy to borrow twenty millions of annual interest as to borrow twenty pence, since a delusive confidence is the only thing required, as no money in reality is either advanced or received;—for we see that government did not obtain any thing from the stock-holder in 1811; on the contrary, it advanced him the sum of L.5,573,417, 14s. 6d. as an annual reward for the loan of a non-existing capital, created by an unproductive outlay in the reign of Queen Anne. The national resources of 1811, were, therefore, not attributable to the funding system, but were raised by taxation in a highly depreciated paper-money, from the annual produce of rent, capital, and labour, to which the public creditor, in his capacity of stockholder, could not possibly contribute a single farthing, as his nominal principal and interest necessarily remained undiminished in amount.

It may be contended, that the stockholder spends money, and therefore cannot avoid taxation as a consumer. A person who holds a nominal fund cannot, in the nature of things, spend any part of that fund, as he cannot use that which has no substantial existence. But in case he finds any one willing to purchase his nominal capital, then, with the purchase money, he can become a spender: the real money, however, which he obtains by such means, no longer makes a part of the nominal capital for which it was exchanged, but becomes

the representative of a portion of the real wealth of the country; and he spends it, not in his capacity of a public stockholder, for he has disposed of his stock, but in that of a possessor of real capital.

All real spending, bottomed upon the public funds, must either come from the real funds with which this nominal capital of public stock is purchased, or the annual interest advanced to it out of the public taxes. But these funds have a substantial, not a nominal origin, as they are drawn either from rent, profits, or labour, the only sources of real income.

As government expended the whole of the public taxes during the late wars in civil and military purposes, it is not possible that the public fundholder can have been enabled to spend any thing out of these taxes; and, therefore, all the sums of money which he has consumed in that period, drawn from the proceeds of funded property, were obtained by the sale of his nominal capital to some other person, which ceased to be public stock in his hands the moment he had obtained real capital for it; or he has received them in the shape of annual interest, advanced to government by another party by way of loan. In either case, those who have drawn money out of the funds during the war, exchanged their nominal capitals with those who thought proper to give real capital in return.

This brings us to what the public funds are. Were the sponge at once applied to them, nothing whatever would be thereby destroyed, as the real capital of the country would remain the same. Nor, on the other hand, while we remain at peace, little perhaps might be gained by the extinction of the debt, as nothing would be thereby added to the real substance of our national wealth. If we take the late wars as an example, no further injustice would be done to the stockholder than preventing him from being able to sell that which seldom produced him any annual income in any other way than either by a direct or indirect sale, as nothing was paid him out of the public taxes, they having been wholly expended by government.

A critical examination of the manner in which the funding system has been carried on since its first commencement, would go to show the impolicy of the measures persisted in by the ministers of Queen Anne, and the unjustifiable expenditure at that time incurred. Owing to the civil and military expenditure in her reign being nearly equal to twice the revenue which was then raised by public taxes, one half of the whole revenues of George the First did little more than pay the interest of the debt incurred previous to his accession

to the throne: but the evil consequences of that excessive expenditure out of which the national debt originally sprung, appears in a still more obvious light when we find that L.134,000,000 Sterling have been paid over to the management of this old debt within the last four years; and that L.600,000,000 of the principal, or L.30,000,000 sterling of annual interest, still remains undischarged.

When a nation is involved in war, it naturally calls into action every sinew it can strain, and hence we see that in all our various wars nothing was spared towards the interest of the debts previously contracted; and hence the danger of ever carrying the civil and military expenditure beyond the actual amount of the revenue raised by the annual taxes imposed upon the people. Suppose we were entirely clear of debt at present, and that in the next twelve years the public expenditure amounted to twice the revenues, the country would be then involved in a public debt whose amount would equal our present burdens. This shows how easily public debts may be contracted; and the excess of expenditure in the reign of Queen Anne exhibits a memorable instance of the fatal effects of resorting to such a line of policy, however prosperous the state may subsequently be. Though the peace of Utrecht was the most lasting peace ever made by Great Britain in modern times, and the nation prosperous beyond all precedent, yet neither of these events have prevented her from experiencing the fatal effects which naturally spring from the abuse of the funding system.

It is urged by some people, that a public debt tends to keep nations out of war. True. But, on the other hand, they tend to cause war, by leading those nations, who imagine themselves strong, to attack neighbouring states, whom they suppose to be embarrassed by public debts, but who turn out upon trial more powerful than was expected, though it may lead to the accumulation of their former debts at compound interest during the continuance of the war.

SECTION II.

How far the Rent of Land, and other fixed Property, is pledged for the Payment of the National Debt.

TAXES levied on the necessities of life operate as checks upon population, the accumulation of capital, and the profitable extension of agriculture.

The rent of land is in a great measure the reward paid to the proprietor of the soil, in return for the capital stock invested in it, or attached to it, which contributes to production and the accumulation of wealth. Taxes levied upon the rent of land have also the effect of checking the natural progress of wealth, by diminishing the profitable application of capital to the cultivation of land. Hence, if population and wealth be checked by taxes on the necessities of life on the one hand, they are also checked by the taxes which fall upon the reward of accumulated capital on the other.

It would appear, therefore, to be extremely injudicious to levy direct taxes on either the annual returns of labour, the necessities of life, the profits of capital, or on rent, because every such tax obstructs national prosperity; and though they augment the immediate revenue of the state, yet they have the effect of diminishing such taxes as are levied upon the consumption of luxuries, by retarding the acquirement of those funds which must be employed in the purchase of them.

On extraordinary occasions, however, it may be found necessary, and even proper, to levy temporary taxes on rent and profits, or even upon the proceeds of very productive labour; but such taxes ought never to be made permanent, because they diminish the reward of individual industry, and keep back the accumulation of capital, the very elements of which wealth itself consists. Taxes thus permanently levied realize, in fact, the fable of the man who killed the goose that laid the golden eggs.

It has been the practice of ignorant people to consider the rent of land as pledged for the payment of the public taxes. The main portion of British impost is levied, as taxes ought to be levied, upon the consumption of income in the use of the extravagancies and luxuries of life: a mode of taxation to which every one contributes in proportion as he is a consumer. Now, it so happens that the rent of land is in a great degree the reward offered to capital invested or imbedded in the soil; which capital often pays very indifferently, frequently less than 5 per cent, though highly useful, and even necessary, to the carrying on of the productive process; nor is the whole of the rent of land equal to 10 per cent of the gross income of the country, while every sort of revenue contributes to taxes levied upon those articles of consumption on which taxes fall.

Should the landed interest consent to have a portion of their rent drawn away in permanent taxes, the stockholders might soon afterwards acquire greater political influence in

the state than the landowners, and insist on the whole of the remaining rent being fully taken away to satisfy the future accumulation of the compound interest; and might even go so far as to plunge the nation into another war, for the sole purpose of gaining that object, because the stockholder has uniformly been enabled to make his accumulations of compound interest in time of war.

The newspapers represent Mr. Ricardo to have said in the House of Commons on the 11th of February, 1822, that "as the stockholder received, in the shape of interest, taxes from the landholder, it might be said that a part of the land did at this moment actually belong to him." True. But, according to the same rule, a part of the industry of the labouring classes belongs to him just as "actually" as a part of the rent of land. While taxes are chiefly levied as they are, upon consumption, and not upon income, a portion of the wages of the labouring classes belongs to the stockholder just as "actually" as a part of the land does; and it is not probable that the landholder pays to the stockholder "in the shape of interest," more than from four to five millions per annum, and not thirty millions per annum, as Mr. Ricardo would appear to infer, for that would absorb nearly the whole rental of the kingdom. Perhaps, not so much as one-sixth part of the taxes is annually produced out of income arising from the rent of land. When income derived from the wages of labour is laid out in taxable articles, such as ale, spiritous liquors, tobacco, &c. that income contributes to the payment of the annual interest of the stockholder just the same as if it had come from the rent of land; and, therefore, it would be just as accurate to say, that a part of the finger-ends of the labouring classes "actually" belongs to the stockholder, as to say that a part of the land does; for the income of the one goes to the payment of interest, when laid out in taxable articles, with just the same certainty as that of the other.

It is certainly no more than just that the landholder should *smart* a little for supporting a scheme of compound interest so delusive as that which the funding system necessarily involves. But if he must smart, let him feel the pang for a limited time only by a temporary tax imposed on rent, and not subject himself to measures which would be almost certain of ultimately tearing the whole of his rent from him. The poor laws ought, before this period, to have taught him a lesson of wisdom; and it behoves him to be not a little cautious how he suffers another claim to be established upon him infinitely more dangerous and devouring than that already in operation.

Let the landholder reflect, that the present are times of difficulty and peril, and that the false steps already taken in respect to the currency may lead to another error, the depth of which he may be totally unable to fathom; and which may eventually put the stockholder in possession of his fair domain, in return for immense accumulations of nominal property, forced upon him by a system of hoarding the most insidious and deceptive.

SECTION III.

On a Sinking Fund.

ADMITTING the annual interest of the national debt to be at present L.30,000,000 Sterling; thirty-one millions set aside from the public taxes, provided all the other expenses of government were first deducted, would pay that interest, and reduce the present debt in about seventy-eight years; and L.2,418,000,000 in taxes would be requisite for such redemption.

Thirty-five millions of annual taxes would pay it off in forty years; and L.1,400,000,000 of taxes would be required.

Forty millions annually would pay it off in twenty-eight years and a fraction; requiring L.1,136,000,000 of taxes.

Fifty millions annually would redeem it in eighteen years and a fraction; with L.938,915,000 raised in taxation.

Sixty millions annually would redeem it in fourteen years and a fraction; and would require L.852,162,000 of taxes.

But before even the first of these redemptions can be effected, the annual taxes must not only be equal to all the other branches of public expenditure, yearly and every year in succession, but must also leave a surplus income, equal to the payment of the present interest, and the sinking fund of one million besides. If in time of war, the public expenditure should be sixty millions per annum, as it was often in the latter years of the late war, the public taxes, not to infringe upon the sinking fund, must yield ninety-one millions annually.

The minister of finance may put the public accounts into what verbal form he pleases; but when the civil and military expenditure of government is equal to the whole of the annual taxes, the annual interest of the debt, and the sum of money allowed to the sinking fund, must necessarily be upheld by borrowed means, and, therefore, under such circumstances,

nothing whatever is in reality applied to either; for thirty-one, when taken from thirty-one, can never be equal to thirty-one, but uniformly equals nothing; and the real fact is, nor can it be otherwise when the government expenditure is equal to the public taxes, the national debt is augmenting at compound interest; and the payment of the annual interest, and the management of the sinking fund, exist only in the mode in which public transactions are managed, and the accounts drawn up.

During the late war, much has been often said about keeping the sinking fund inviolate. How absurd to talk of a sinking fund, and the real payment of the interest of the public debt from the year 1793 to the year 1820, when it is notorious that government expended the whole of the public revenues in war purposes! To borrow five thousand pounds to pay five thousand pounds of public dividends or interest, is in reality the payment of nothing substantial, but the giving of an additional security for the annual interest. There cannot be a real sinking fund, unless there be a clear surplus of annual revenue, after all the other charges have been paid out of it.

SECTION IV.

The abuse of the Funding System illustrated, by showing the advantages of Parsimony, and the accumulation of a Public Capital in Works of utility.

“THE want of parsimony in the time of peace,” says Dr. Smith, “induces the necessity of contracting debt in time of war. When war comes, there is no money in the treasury but what is necessary for carrying on the ordinary expense of the peace establishment. In war, an establishment of three or four times that expense becomes necessary for the defence of the state; * and, consequently, a revenue three or four times greater than the peace revenue. Supposing that the sovereign should have, what he scarcely ever has, the means of immediately augmenting his revenue in proportion to the augmentation of his expenses; still, the produce of the taxes from which this increase of revenue must be drawn, will not begin to come into the treasury till perhaps ten or twelve months after they are imposed. But the moment in which

* This is strikingly exemplified at present. The war expenditure of 1813 was nearly equal to four times the peace establishment of 1824.

the war begins, or rather the moment in which war appears likely, the army must be augmented, the fleet must be fitted out, the garrison towns must be put in a posture of defence; —that army, that fleet, those garrison towns, must be furnished with arms, ammunition, and provisions. An immediate and great expense is incurred on the instant of danger, which will not wait for the gradual and slow returns of new taxes. In this exigency, government can have no other resource but in borrowing.

“The same commercial state of society which, by the operation of moral causes, brings government in this manner into the necessity of borrowing, produces in the subjects both an ability and an inclination to lend. If it commonly brings along with it the necessity of borrowing, it likewise brings with it the facility of doing so.”*

Dr. Smith further observes: “The progress of the enormous debts which at present oppress, and *WILL*, in the long run, probably *ruin* all the greater nations of Europe, has been pretty uniform.”

Again: “In great empires, the people who live in the capital, and in the provinces remote from the scene of action, feel, many of them, scarce any inconveniency from the war, but enjoy, at their ease, the amusement of reading in the newspapers, the exploits of their own fleets and armies. To them, this amusement compensates the small difference between the taxes which they pay on account of the war, and those which they have been accustomed to pay in time of peace. They are commonly dissatisfied with the return of peace, which puts an end to their amusement, and to a thousand visionary hopes of conquest and national glory, from a longer continuance of the war. The return of peace, indeed, seldom relieves them from the greater part of the taxes imposed during the war. These are mortgaged for the debt contracted, in order to carry it on. If, over and above the paying the interest of this debt, and defraying the ordinary expense of government, the old revenue, together with the new taxes, produce some surplus of revenue, it may perhaps be converted into a sinking fund for paying off the debt.”

All this is very just. But Dr. Smith does not appear to have clearly perceived that the new debt, created in time of war, was often wholly occasioned by the suspension of the payment of the annual interest of the old debt, by the appropriation of the whole revenue to war purposes; or by suffering that debt to accumulate at compound interest, until the

* They have this ability from the annual returns of interest upon a nominal capital, where borrowing is practised to pay that interest.

public revenue was again liberated, and rendered applicable to the payment of the annual interest.

By this peculiar method of suspending the payment of interest in certain periods of time, and doing little more than paying it in others, it is obvious that compound interest may accumulate a national debt to a most extraordinary amount, in case the credit of the state remain unshaken; because there is no difficulty in borrowing the annual interest, payable upon a nominal capital, if it amount to £600,000,000 sterling per annum, as *credit* and not *money* is the only thing wanted; for the means are nominal, and require no industry whatever to procure them. A financial system depending upon *parsimony*, may therefore be properly enough opposed to one grounded upon improvidence.

Suppose that, in time of peace, the public revenues were clear of all former incumbrances; and that over and above the peace-establishment the annual taxes left a considerable balance of revenue, and that balance was laid out in profitable purposes; such as the formation of harbours and canals, the construction of bridges and roads, or of embanking large tracts of land from the sea, which upon an average yielded 5 per cent per annum in rents, tolls, or dues; and that the annual proceeds of these public works were again laid out in other profitable undertakings of the same nature; then, upon the breaking out of the war, these public works could be disposed of, and the proceeds applied to the purposes of the contest; or they might be mortgaged, and subsequently disposed of at a more favourable opportunity.

Let us further suppose a system of this kind to have been acted upon at the commencement of the reign of Charles the Second, and that it created a fund which defrayed the expense of the wars of William and Mary, and of Queen Anne, leaving the revenue of the state clear at the accession of George the First.

Suppose, also, that the income and expenditure of government since 1714 had been precisely what they have proved to be,—all the sums of money paid out of the public revenue towards the management of the old debt of that year, would have been applicable to the system of *parsimony* before suggested. For as the remainder of the public revenue has been equal to the expenditure, the capital stock created by the sums so set aside, would have accumulated at compound interest, and now been at the disposal of government, leaving a clear capital embodied in productive public works as follows:—

First,—The sum of L.38,386,172 sterling, paid out of the revenue of George the First, (say from the year 1721,) gives, in one hundred years, a principal sum of L.5,047,908,465 sterling.

Secondly,—The sum of L.31,748,224, paid over towards the management of the old debt of Queen Anne in the first twelve years of the reign of George the Second, say in the year 1783, would now give a clear capital of L.2,324,757,933 sterling.

Thirdly,—The sum of L.2,466,438 sterling, so paid over in the year 1754, would have now left a clear capital of L.64,866,423 sterling.

Fourthly,—L.28,900,000 sterling, paid over from the public revenue of George the Third, from the year 1769 to 1776, say from the year 1773, would have left a clear capital stock of L.300,569,703 sterling.

Fifthly,—The sum of L.38,909,034 sterling, so paid over from the public revenue, from the year 1788 to 1793, say from the year 1790, would have left a clear capital of L.168,162,588 sterling.

Sixthly,—Could the means of investment of a corresponding capital have been found, the amount of these capital stocks, so accumulated at compound interest, would now give a capital stock of L.7,906,265,112 sterling. If to this sum we add the present national debt of L.600,000,000 sterling, it would at this time make a difference between being clear of debt at the accession of George the First to the throne, and being in the small debt of L.67,026,760 sterling, of no less a sum than L.8,506,265,143 sterling, over and above the reductions of interest which the national debt has at different times undergone.

The *Parsimonious* and the *Funding* System of Finance are directly opposed to each other. The one augments taxation in the exact ratio in which annual interest is paid; and the other diminishes it in the precise ratio in which profits are accumulated. Instead of government being, as at present, in a state of perplexity and embarrassment, under a real expenditure of seventeen millions sterling, it would have been in the enjoyment of a clear revenue of L.395,313,255 sterling, (admitting adequate means of investing the principal could have been found,) though no taxes had now been imposed, besides having created the most stupendous works of art, calculated to improve every source of public wealth however minute.

Instead of throwing the income of the state into the grasp of usurers and hoarders, as is now the case, it would have

constantly passed into the hands of industry and liberality, and the natural result of every operation must have been to the national advantage.

The *abuse* of the funding system, it would appear from the evidence of facts, and the clearest deductions of numbers, is calculated to enervate and finally destroy the power and revenues of states, to sow the seeds of civil discord, and to embarrass alike the governors and the governed. It is true, that so long as a system of borrowing from economists, and of throwing the funds *so borrowed* into the hands of extravagance can be carried on, the wealth of the country will be stimulated; but it ought not to be forgotten, that this stimulus does not send a single bayonet into the field against an enemy, after the accumulations of compound interest have taken root. If the national debt should ever be honestly liquidated, when the time of that liquidation comes, it is the living subject who must make good private extravagance long past, and remunerate those sums of money to the hoarder which he formerly paid into the hands of private prodigality, and not into the coffers of the state.

SECTION V.

On the mode in which the National Debt has accumulated—the circumstances which have set bounds to that accumulation,—the manner in which the stockholder has acquired his property in the Public Funds, and its influence on Public Wealth.

If we take the national debt as it stood at the demise of Queen Anne, and divide it into two portions, L.64,026,760, and L.3,000,000 Sterling, the first of which, on balancing the public revenue raised in taxes with the civil and military expenditure of the country, was wholly liquidated, both principal and interest; and suppose that no part of the latter sum, either principal or interest, had been paid, but had been suffered to accumulate at compound interest, it would form the principal of the present national debt. Had this L.3,000,000 Sterling been set aside from the remainder of the debt, under the proviso that no part of the public revenue should go either to the payment of its annual interest or the liquidation of the principal, until the remaining portion of the debt, which amounted to L.64,026,760 were wholly, both principal and interest, liquidated out of the public revenues, it would be found that the latter of these sums was now fully discharged, and

that the former sum was the present national debt. For into whatever subtle forms of finance the Chancellor of Exchequer might throw the public accounts, the real transactions of the national debt would be a sum of money which had been left to accumulate at compound interest since the demise of Queen Anne, as it was then that the excess of expenditure above revenue occurred, which has occasioned all the borrowing of money to which we have since resorted.

An erroneous system of finance having been once acted upon, every future minister of the day found himself under the necessity of accommodating his measures of finance accordingly, and literally became a sort of medium through which the whole train of causes and effects operated. The state waged war, borrowed money to pay the interest of the old debt, so long as the means of the country were adequate to sustain its credit, and then it was compelled to make peace as a matter of course. It may be said, indeed, that we generally dictated peace to our enemies. As these enemies were chiefly in a predicament similar to our own, it would be more correct to say, that the funding system dictated the peace of Europe, when the belligerent States might have been otherwise disposed to carry on the war. It has been commonly remarked, that the nations of Europe had become breathless under a state of warfare. Why were they breathless? The capital and productive industry of the body politic, whether in peace or in war, have been constantly accumulating during the last century; and are not these the very sinews from whence the whole powers of war are derived? The means of the people were not therefore exhausted, but the public revenues were so completely disposed of to annuitants, who held claims of compound interest, that the taxable funds of the state were all absorbed by a class of people who contributed nothing to the annual production of wealth, and claimed those funds as private property, which enabled the state to carry on war.

The funds applicable to war were exhausted, though the body politic itself had positively become stronger. War therefore ceased as a matter of course; and, along with it, those industrious and commercial habits returned which are peculiar to peace. The prosperous state of trade brought money into the country more freely,—the prices of commodities rose—the capital of the country accumulated,—a small portion of the old debt was paid off,—and, in the course of a few years the state found itself in a condition to wage an-

other war. Though this may not be precisely the manner in which peace and war have succeeded each other by turns, if we take a cursory review of the transactions of the last hundred and thirty years, the whole appears to correspond with a complete chain of causes and effects, uniformly going to war and mortgaging the public revenues so soon as the country had sufficient credit, and so long as that credit could be employed with safety to the state.

As the present national debt originated in an unproductive outlay of capital, which was made in the wars of Queen Anne, and on which the nation has since paid neither principal nor interest, so the national debt is an accumulation of compound interest, which has cost neither labour nor toil, the only true considerations of value received or advanced. Notwithstanding this circumstance, the greater proportion of the stockholders have given a valuable consideration for the stock they now claim; and as the nation has sanctioned those claims, and acted as the very medium through which these extraordinary transactions have been carried on, so it is, in justice, honour, and duty bound to respect the claims of the stockholder, so long as it is able, without arresting the productive processes of industry; and should this be the case, then the stockholder would be glad to take what could be afforded him, rather than destroy that industry upon which he altogether depended. Having acknowledged the justice of the claims of the stockholder, we now come to speak of the influence of the funding system upon the public wealth and prosperity of the country.

The accumulation of national wealth, it has been already shown, depends upon the rapid production and consumption of commodities. Accumulators of wealth, who are extremely anxious to amass fortunes, directly contribute to prevent that new creation of income which a liberal expenditure produces; and, therefore, they stop the circulation of public wealth, and prevent the formation of new income.

The way in which the funding system has been conducted had a strong disposition to promote the dissipation of hoarded fortunes, and to give free scope to the creation of capital in agriculture, manufactures, commerce, colonization, and navigation, as well as in houses, roads, canals, railways, and other modes of investing capital. The influence of this operation upon the prosperity of Great Britain is of a very curious character. The manner in which it works is clearly exemplified in the metropolis. An economical London tradesman, who accumulates money by industry and the employment of real capital, generally purchases the nominal ca-

pital of a stockholder, who may have either lived upon or squandered away the principal in extravagance. In time, these economical and industrious men leave off business; and the fortunes they have accumulated may fall into the hands of spendthrifts, who, in their turn, may exchange their nominal capitals for the savings of that very industry which supplies their extravagance.

Industry and economy have provided consumable funds; these are exchanged for the nominal capital which another class of people possess in the public funds; the real funds are spent and re-accumulated by hoarders; and thus the very money which a tradesman has paid over to spendthrifts may speedily be brought back to him in payment for the various articles of consumption he has supplied, and contribute to augment savings, which are also put into the hands of consumers to be dealt with in a similar manner.

When a nominal capital of L.600,000,000 sterling, the interest of which is L.30,000,000 per annum, presents itself to dissipators on the one hand, and hoarders on the other, consumption is highly stimulated, and the realizing of new capital becomes extremely rapid. The funding system has, therefore, organized a method which facilitates the dissipation and re-accumulation of property, in as complete and extraordinary a manner as that of carrying on the affairs of universal barter by the intervention of bills of exchange. The industrious economists and the hoarders voluntarily place their savings in the hands of extravagance, in return for an unreal consideration, which owes all its value to accumulations of compound interest which the state have promised to pay, and for which they have received no valuable consideration, except L.3,000,000 sterling in the reign of Queen Anne.

The funding system would appear to be a natural consequence of credit, and of the confidence reposed in the stability and integrity of governments on the part of money lenders. If mortgaging the public revenues be a folly into which powerful empires fall as a matter of course, because these loans tend to secure the peace of nations which might otherwise carry on interminable war, and at the same time prove no check upon the prosperity of the state in time of peace, it may be a matter of doubt whether or not the funding system has its redeeming qualities, as well as its objectionable ones. Suppose that all the various nations of Europe were at present unshackled by public debts, which they had suffered to accumulate at compound interest during their former wars, it is very probable that a war would immediately break out, and that within twenty years we should be as much burthened

with debt as ever. The imperfections of human nature are such, and the character of the times exhibit forebodings which are sufficient to justify our asking, whether the national debts, in which the principal powers of Europe are involved, do not at present contribute to preserve the blessings of peace. The writer of these pages, after having carefully examined the funding system, candidly confesses that the arguments on this subject are extremely conflicting. Perhaps it may justly be maintained, that in case the public expenditure had not exceeded the public revenues prior to the year 1714, we should not have been the less involved in a national debt than we now are, because it arises from the credit with which a nation confides in its governors.

The mere fact of our being in debt may be in no way detrimental to the progress of national wealth: for while it neither obstructs the processes of production, nor diminishes the amount of national expenditure, the strongest objection against it is, the distribution of national income is too involved, and springs from a source too complicated. It is true, beyond a certain point debts cannot be carried, since credit fails, and the evil naturally corrects itself.

The liberal reader is not however to suppose, that the writer of this intends to vindicate an unrestrained system of borrowing money, in either a public or a private capacity; on the other hand, there is nothing that he deprecates more strongly; and though he has felt it his duty to examine the question dispassionately, yet he would be among the first to say, reduce the national debt by every fair and practicable means, and promote all the arts of peace by institutions of free trade throughout the world.

The sinking fund is on this account of great importance, since it affords a security to the national creditor, and enables government to liquidate the whole amount of the debt during a continued series of peaceful prosperity. Our neighbours also cannot fail to observe, that, however enormous the amount of the national debt may be, the British nation herself, resting on the excellent character of the security offered by government, is always enabled to preserve the dignity of her character in her foreign relations.

However much the light afforded by political economy may be reviled by prejudice and ignorance, it has certainly led the way to great improvements in the system of taxation adopted by Great Britain. The public taxes repealed in the four last sessions of Parliament are glorious results of the progress of knowledge, and afford a memorable evidence of the prosperity and happiness of the empire.

Perhaps the tithes and poor's rates of England are more destructive of her national prosperity, and more powerful obstacles in the way of productive industry, than the whole of her government taxes put together. Scotland is free from both these imposts: and hence she exhibits that unshackled activity which arises from allotting to industry the whole of its proceeds. Secure in her banking system, the investment of her capital, and the application of her labour, freed from non-productive payments, combined with the spirited and enterprising character of the people, she has and is laying hold of every advantage which nature has thrown in her way, except that of free trade in corn and other produce of the north of Europe. Who can contrast with this happy situation the melancholy state of Ireland, the most prolific part of the three kingdoms, sunk in the very depths of misery, and a burden on England, without feeling that the tithe system, from whence even her rebellions chiefly originated, is the most destructive of the energies and comforts of the people.

Having arrived at the conclusion of the third part of our inquiry, the reader must by this time be aware how impossible it is to do justice to the subject now before us, unless it be discussed in a combined form, pointing out the connexions and bearings which the separate portions of industry and national wealth have upon each other. It is obvious that the principles of taxation are of immense importance. Most probably the duty on salt was more fatal to industry and national prosperity than the whole of the duties levied on foreign luxuries imported from abroad. It is a remark which not unfrequently occurs, and a very erroneous one, that we must have high prices in Great Britain, owing to the pressure of our national debt. Do people imagine that we have high prices because we are greatly in debt, or that we can force high prices by any other methods than powerful means of production, and by great industry and skill? The high prices which are peculiar to the commodities usually interchanged between one nation and another, cannot possibly be occasioned by taxes, for these are disadvantages, and tend to lower prices, and not to augment them. Now, in this department of traffic, high prices must be occasioned by the advantages of free trade, powerful machines, cheap means of conveyance, and an abundant command of capital.

PART IV.

THE PRINCIPLES OF FOREIGN AND DOMESTIC COMMERCE, AS THEY AFFECT PUBLIC AND PRIVATE INTERESTS, PRACTICALLY APPLIED TO POLITICAL ECONOMY AND PROFITABLE PRODUCTION; TOGETHER WITH AN INQUIRY INTO THE PROPER OBJECTS OF LEGISLATION.

CHAPTER I.

ON THE PROPER OBJECTS OF LEGISLATIVE INTERFERENCE.

WE have already seen that the dealings and credits of men have naturally a constant disposition to assume a well-adjusted train of relations and proportions to each other. However desirable this adjustment may be, (and surely it is essential to human happiness, comfort, and convenience,) it is liable to numerous interruptions which are unavoidable.

The irregularities of the seasons cause the annual produce of the earth to be more in one year and less in another, and thus occasion the dearness and cheapness of provisions alternately.

The capricious desires of the fashionable and the voluptuous portion of the people, are continually giving a new direction to the capital and industry which produces the various marketable articles they consume.

The improvements which gradually develop themselves in mechanics, arts, and sciences, connected with the acquisition

of public wealth, are constantly changing the division of labour, collecting industry into co-operative bodies, opening out new markets and more extensive means of the interchange of commodities, and causing temporary derangements in the affairs of men, which are the most correctly adjusted by the hand of time, self-interest, and the perfect freedom of labour.

Traders are always on the alert, and ready to enter into speculations, and which occasion unceasing fluctuations of market prices that interrupt the relation of value which commodities naturally bear to each other.

Transitions from peace to war, from a restricted state of trade to one more free, or the contrary, disturb the natural state of adjustment into which industry had previously fallen; and, for a time, may occasion immense workings in the relations and distribution of property. For instance, on the breaking out of the first revolutionary war with France, government, in point of fact, suspended the payment of the annual interest of the national debt, and thereby created a sudden demand for money loans, which partly contributed to cause the commercial embarrassment peculiar to the year 1793, and which led to the issue of Bank of England notes of a less value than formerly.

Credit is ever entering into new relations, deserting old ones, reforming itself upon different principles, and directing the channels of payments through new mediums, and in a variety of new modes.

The industry and skill of individual capitalists and work people are comparatively greater and less than each other, and cause the individual rate of rewards to vary accordingly.

From the continual alterations that arise out of the contingencies of industry and the acquisition of national wealth, people are almost always too much disposed to follow some sorts of employment, to neglect others, and bring on a period in which a natural adjustment takes place.

These are incidents to which man is unavoidably liable in a state of civilized society; and every wise government will chiefly refrain from imposing their interference under the vain expectation of regulating and correcting evils, which are constantly rectifying and adjusting themselves with more evenness than the most refined human sagacity could dictate.

Though it may be the general policy of wise statesmen to suffer what may be called the physical incidents of business to adjust and regulate themselves, yet there are other inci-

dents which may be called the artificial relations of public wealth, that call forth all his skill, experience, and attention. For, surely, however injudicious it may be to meddle with the physical or unavoidable incidents of human dealings, it is equally injudicious to suffer the artificial relations of society to be neglected.

The chief artificial relations of public wealth are,

1st, The circulating medium, or the measurement of value in exchange.

2d, The financial arrangement of the public revenue, and its expenditure.

3d, The regulation of foreign commerce, and the formation of commercial treaties with foreign states.

4th, It is the duty of the Legislature continually to watch over and protect the person and property of the subject,—to give every encouragement and support to the employment of active capital, as well as to the labouring classes, and to be extremely careful not to levy any imposts which cannot be ultimately laid upon the consumer of those productions with which industry supplies the market.

These are the proper objects of legislative interference.

The first relates to the enumeration of value in exchange, in reference to our internal monied engagements with each other; and also in reference to our common dealings in the way of business, more particularly as it is concerned with the purchase and disposal of the goods kept on hand by the trading capitalist. The reader has already seen this branch of our inquiry examined in the second part of the work now before him.

The second relates to the judicious collection and disposal of money raised for public purposes, whether in the provision of the executive government, the civil authorities, the external defence of the empire, or the liquidation and payment of the interest of debts contracted by the state. This head has been examined in the third part of this work.

The third relates to the interchanges of industry and production with foreign countries, the principles and policy of which are deducible from the first part of the work, which also treats upon the impolicy of obstructing the progress of the natural and unavoidable relations and proportions to which the political frame is subject.

The fourth relates to every thing connected with the general bearings of the domestic industry of the country. It takes cognizance of public roads, canals, docks, harbours,

rail-ways, &c. and gives every encouragement to their formation, repair, and economical management; so that the public may enjoy the use of them at the cheapest rate. It inquires into all the abuses and discouragements to which industry is liable; unfetters, encourages, and assists it in every lawful way, and secures its proceeds to the producer with the most scrupulous care and attention, continually relieving it from every expense or payment which does not contribute to production, and instituting such inquiries as are calculated to remove every obstacle with which industry has been fettered; whether of an individual, a local, or a public description. These are inferences deducible from the first part of this work.

Since industry is that which produces whatever is valuable in peace, and powerful in war, it is the bounden duty of the legislature, as well as the highest interest of the body politic, to offer it every encouragement, assistance, and protection which can be legally devised.

The intimate connexion of these four heads of our inquiry, to which the reader's attention is here drawn, would appear to point out the propriety of always examining them as they stand in relation to each. If we discuss the subject of currency, we ought to view it in reference to public finance, foreign commerce, and domestic transactions, whether of business or of industry; and, therefore, we can seldom form a right estimate of affairs of legislation connected with political economy, without considering the whole of the four heads of inquiry just noticed.

The want of attention to these relations has, during the last two centuries, whenever the British legislature has considered any one of these inquiries, almost uniformly led them into error and absurdity. From the intimacy of this connexion, if the price of corn either rose or fell, they immediately brought exportation, or the importation of foreign corn under consideration, thinking that the defect lay in that quarter, never once suspecting that the cause of high and low nominal prices ought to be uniformly sought for in currency or the enumeration of value.

If currency were brought under consideration by the legislature, in their inquiries, they chiefly took it for granted that every thing was right, when the market price of gold and silver agreed with the weight and quality of the gold and silver coins in circulation, without reflecting that the consideration of the question was intimately blended both with public finance and foreign commerce.

In considering the national debt, and the future ways and means possessed by the country of discharging that debt, and of supporting the civil authorities of the state, they seemed to overlook the fact, that the estimation of value in exchange is an artificial method, and that this artifice was intimately connected with the means of finance.

Not rightly comprehending what belonged either to verbal or political reasoning, they have hardly ever brought either currency, finance, commerce, or domestic industry under consideration, without presenting to the world an endless chain of unmeaning arguments; because, what belongs to one, almost always belongs to all the four; and, therefore, we are not to be surprised if this *ex parte* mode of inquiry has never cleared up a single point.

To conclude, a train of inequalities is continually occurring, which originate in physical and unavoidable changes, for which the legislature can devise little or no remedy, and which are therefore best left to themselves.

But as the welfare of society rests upon artificial relations, as well as physical ones, so the interference which is unavailing and impolitic in the latter case, is essentially requisite in the former; and upon the wisdom, foresight, and prudence of that interference, the welfare, the happiness, and the comfort of mankind, in a great measure depend.

At the same time, we ought always to keep fully in view, that the artificial fabric is reared upon a physical foundation; and that, unless all interference with the one proceed from a thorough acquaintance with the other, we may do injury when we intended to do good.

We shall now endeavour to apply the physical and artificial principles we have already examined, to the practical purposes of individual interests, and to the proper objects of legislative interference. Bound up as the relations of public wealth are, in a complicated and involved chain of incidents, we ought to be extremely circumspect in carrying every new measure into execution, whether intended as a temporary expedient, or a permanent regulation. We may figure to ourselves how we should wish affairs to be conducted; but it is much wiser to adopt that which is practical and useful, in conformity to the general interests of the people at large, than to indulge in speculations which can never be productive of valuable practical results.

CHAPTER II.

SHOWING THAT A REFORM IN THE CIRCULATING MEDIUM OF THE UNITED KINGDOM IS INTIMATELY CONNECTED WITH FOREIGN COMMERCE, PUBLIC FINANCE, AND PRIVATE MONIED ENGAGEMENTS, &c.

AN interference with foreign trade can seldom fail to produce a sensible effect on the value of the circulating medium. A restrictive system generally augments its value, or causes a fall in the prices of labour, and of whatever low priced labour may produce. So, on the other hand, a free trade, and a brisk demand for our manufactures and merchandise abroad, have uniformly been followed by a fall in the value of our currency, or a rise in the prices of labour and of its products, regulated by the quantity of labour embodied in those products.

Again, free trade calls into being more powerful machines, a greater amount of capital, and more industry and skill on the part of our operative manufacturers. These bring gold and silver more freely into the country, or they allow a greater quantity of bank paper to circulate as representatives of coined money, and thereby occasion a general rise of prices. We see these effects distinctly illustrated by a reference to table No. 12. In the five years preceding 1807, the price of a week's labour in husbandry rose from 2 dwt. 19 grs. of standard gold, to 3 dwt. 21 grs. of the same metal; and in the five years succeeding 1808, the price of that sort of labour fell from 3 dwt. 21 grs. to 2 dwt. 16 grs. Again, a week's labour, which cost 2 dwt. 21 grs. in the year 1815, was, by the anti-commercial effect of our corn laws, brought down to 2 dwt. 8 grs. in the year 1823. These facts tend to show how intimately the subject of currency is connected with foreign trade and our domestic transactions.

To come more directly to the point; suppose that the national debt be valued at L.600,000,000 sterling, and the private monied engagements of the United Kingdom, in the various forms of mortgages, bonds, credits, annuities, rents, &c.

be estimated at L.600,000,000 more, we shall have a total sum of monied engagement to the amount of L.1,200,000,000 : it would follow that every rise or fall of 5 per cent in the exchangeable value of a sovereign, would occasion a corresponding loss or gain upon this sum, or a loss or gain of L.60,000,000 of money, estimated in the exchangeable value of one commodity for another, besides deranging, for many years afterwards, all the natural proportions of reward which the different sorts of labour naturally bear to each other.

Admitting that this rapid mode of playing backwards and forwards 50, 100, or L.200,000,000 of money could be carried on harmlessly enough, which certainly cannot be done, a money unit, unsteady in its exchangeable value, is destructive of all confidence in long leases between landlords and tenants, as well as a powerful obstacle in the way of the commutation of tithes and of customary tenures.

Though a reform in our commercial policy, in finance, and in our domestic relations, ought to be preceded by a reform in currency, yet, at the present time, we may safely enough enter upon a system of commercial reform, because it could not fail to cause war prices, as they have been called, and of restoring the equilibrium of our monied engagements of time. The present is not, indeed, the most suitable moment for instituting a well-regulated currency, since the various rates of prices may be expected to be more equally adjusted, after we have experienced a few years of free trade.

Though every precipitate measure in the reform of the currency ought to be deprecated under our present circumstances and future prospects, yet parliament cannot enter into such an inquiry too soon, since it might prepare the way for proceedings which were calculated finally to secure the happiness and interests of every class of the people. It is obvious that such a measure ought not to be hastily adopted, nor is there any necessity for doing so. In truth, it is not the interest of the debtors and lessees of Great Britain, that a sound system of currency should be immediately acted upon; and, therefore, the proposal must come from the monied interests, who will not take any active measures in the affairs at present, nor until they become fully sensible that a truly balanced currency is essential to the equitable maintenance of their interests.

CHAPTER III.

ON FREE TRADE AND FOREIGN COMMERCE.

TRADE is free when all owners of articles of merchandise are permitted to take their commodities to market upon terms equally advantageous, or subject to such imposts or restrictions as are levied equally upon all, in proportion to value or to any other equitable mode of levying taxes. It would seem to be a prevailing opinion with some people, that trade is not free when the merchants of all nations are permitted to enter into free competition upon these general terms.

They state, as an example, that Great Britain is more in debt than other countries, consequently more burdened with public taxes, and that the products of her industry cannot therefore be afforded in her markets at home so cheap as the industry of foreign countries. Now, as the British manufacturer pays his operative hands higher wages than those which are paid by the manufacturers of foreign countries, and equally as subject to the payment of public taxes as every other class of the people, if British industry be disqualified from entering into free competition with that of foreigners, how comes it that our manufactures not only give high wages, but can afford to sell cheaper abroad than those of every other country, if that which is stated by the advocates of the restrictive system be founded in truth? Admitting that Great Britain is highly taxed, these taxes are not paid upon the processes of productive industry; few of them are levied upon the necessities of life; and, therefore, since they do not enter into the cost of production, they have nothing whatever to do with the question of free trade. For it is chiefly in the character of consumers of the luxuries of life that the people of Great Britain are highly taxed, and not as producers of marketable articles. It may be also very justly stated, that a great portion of public taxes is levied upon the consumers of foreign merchandise, and which cannot furnish any argument in opposition to free trade.

But the grower of English corn, fully controverted in his arguments with respect to government taxes and the national debt, towards which he pays scarcely any thing as a producer of corn, (being only a spender of its proceeds, which is the case with all other spenders as well as himself, from whatever sources their incomes may be derived,) in the next place, adduces the burdens levied upon him in tithes, poor's rates, &c. as an objection to a free trade in corn. Tithes and poor's rates, it has been already shown, being non-productive payments, do not enter into those expenses which actually contribute to augment production, and consequently either fall upon rent, or obstruct production altogether; in which instances they in no degree disqualify the English grower of corn from entering into free competition with the grower of foreign corn. Besides, it would be just as reasonable to charge a duty on Scotch corn imported into England, grown upon land which is neither subject to tithes nor poor's rates, as for the English farmer to assert that he does not enter into a fair competition with the untithed and untaxed corn of the north of Europe. Again, driven from the arguments he has urged, with respect to the principles of free trade, he will next tell you of the high rents that are paid for land in England. The proper answer is, rent is a non-productive payment; that much corn is grown by the owners of the soil themselves, who have no rent to pay; and that, whether rent be high or low, it has no effect whatever either on the natural or the market price of corn. For, in the twenty years ending 1813, when rents were generally low compared with the average price of corn, and the tenantry realized fortunes, corn sold no lower in price in consequence of low rents; neither has it sold at any higher prices in consequence of the exorbitant rents paid for land in the last ten years, during which period of time the capital of almost every tenant has been either more or less injured, where the whole of his means of living have depended upon the proceeds of his farm. Having thus been fairly driven from every argument he has advanced in opposition to the principles of free trade, he will suddenly alter his remarks, and insist upon it as a fact, that the national debt compels his landlord to demand an exorbitant rent. But why does the tenant engage to pay such a rent? The answer is obvious, if those who argue in favour of corn laws would consent to acknowledge the true cause; the tenantry have all along expected to sell high priced and dear corn, protected as they imagine themselves to be under the restrictive provisions of these laws. But an answer still more conclusive may be given to those who propose to enable

the landlords to pay the annual interest of the national debt, the annual rent paid for the *tillage* land of the kingdom cannot be estimated at more than L.20,000,000 a-year, or about one-twentieth part of the whole of our national income; and we cannot therefore estimate the whole of the public revenue, arising from the rent of land under tillage, at more than L.3,500,000 sterling annually. Where then is the vast importance usually attributed to the rent of land on which corn is raised? It is quite visionary, and altogether inadequate to sustain the political fabric of the British empire.

It would appear that taxes levied upon the luxuries of life fall upon consumers, and not upon the acquisition of that income which is laid out in consumption. And as taxes that are levied upon the rent of land, are either paid out of rent, or are obstacles in the way of production, so no portion of these taxes enter into the component cost of the produce of land, and thereby disqualify the English farmer, who pays tithes and poor's rates, from entering into free competition with foreign corn in the home market, any more than the Scotch farmer, who has neither of these payments to make.

The same chain of reasoning that applies to corn, is equally just with respect to every other commodity produced at home, whether it belongs to manufactures, the luxuries, the elegancies, or the comforts of life; trade is free when the duties levied upon foreign merchandise imported into the country are precisely equal to those levied upon the same description of commodities brought to market by home industry.

Taxes, it has been already shown, do not raise the price of labour in Great Britain, neither can they have that effect; but, on the contrary, when they do enter into the cost of production, such as taxes on foreign wool, they tend to lower the prices of labour, which enter into the component expenses of our manufactures, and finally to bring down the price both of labour, corn, and every other commodity. The circumstance of labour being higher in price in Great Britain than in other countries, is no argument against the pure equality of the freedom of trade, since these high prices arise out of the efficiency of our machinery, cheap carriage and fuel, and even a superabundance of capital.

Every objection raised against free trade, on the ground of tithes, poor's rates, a great amount of public taxes, and a high price for labour, however plausible in theory, cannot be maintained in practice, and is subversive of foreign commerce and all those principles of reciprocal interchange upon which the augmentation of national wealth so essentially depends.

If trade were free, our foreign commerce would produce effects similar to those which are exhibited by the freedom of trade throughout England and Wales, supposing that each particular county were an independent state. Let us further suppose, merely for the sake of illustration, that the rental of the land, by the square mile, is a just criterion by which we may estimate the relative population of each, (see Table, No. 21;) then, Lincolnshire is the most thinly peopled, in proportion to the means of supporting her population with provisions; Middlesex has the most dense population; and Surry and Lancashire follow next in order. Judging by this rule, there is not a single instance in which the proceeds of rent, the amount of capital or population, are injured by the freedom of trade; and those counties which are the most populous and wealthy, are uniformly the greatest purchasers of the produce of England and foreign countries. Were, therefore, a free trade to injure any country, in consequence of the freedom of foreign importations, how comes it, that not a single instance of the sort can be found in the counties of England and Wales, considered apart from each other, or as separate states or empires?

But the internal wealth of some of these counties might be improved, were exportations partly prohibited. Were Northumberland and Cumberland to prohibit the exportation of coal, such a line of policy would increase the wealth and population of both, in consequence of cheap fuel occasioning more active manufactories. Were Lincolnshire, Leicestershire, Herefordshire, and Westmoreland, to prohibit the exportation of animal food, they would force a more extensive cultivation of the soil, and, along with it, a greater population and more internal capital. As a national policy, such measures would be the height of folly. But it shows pretty clearly, that when a country is in possession of particular monopolies, it would be a great oversight to permit their exportation. Wool of British growth, if what is alleged by our manufacturers be true, may perhaps be an instance. The machinery employed in our higher descriptions of manufactures is perhaps another. But there are few instances in which the free importations of foreign productions are injurious; on the contrary, they are highly beneficial, by the tendency they have either to augment the capital of a country, or force exportations to a corresponding amount. The reader will find this subject still more fully discussed in the next chapter.

CHAPTER IV.

ON CORN LAWS.

SECTION I.

On the Effects of Corn Laws.

PROHIBITORY regulations against the importation of the corn, and other farm produce of foreign countries, into countries that have a natural demand for such produce, have the following effects :

1st, They restrain and keep down population, where there is a tendency to import corn, below its natural limits.

2d, They restrain the natural exportation of merchandise, by inducing other states to lay on prohibitory duties in retaliation, and disable the people of those countries which naturally export corn from purchasing the productions of foreign industry received in exchange for corn.

3d, In consequence of checking the division of labour, and of obstructing co-operative industry, they are opposed to the accumulation of national wealth, the general happiness of states, and to the more efficient powers of production.

4th, As a consequence, they prevent individual labour from exchanging for so much of the metals of coinage as it would otherwise do, and force down the prices of every commodity of which labour forms a component part of the productive cost ; and they diminish, therefore, the price of corn, and all other farm produce, in consequence of lessening the market-price of labour applied to the production of such commodities as are usually exchanged for foreign money.

5th, The rent of land is uniformly raised in price and value by the importation of foreign corn, and restrictions are

therefore very detrimental to the landed interests, as well as all the other industrious classes of the state.

6th, As the importation of foreign corn has a tendency to advance the price of labour, together with the price of corn, so prohibitory regulations of this description are only favourable to the annuitant and monied classes of the country.

Before we enter upon the discussion of these several effects, we shall, however, examine into the ability possessed by most countries of exporting provisions.

SECTION II.

On the ability possessed by most Countries of exporting Provisions.

It is one of the most happy events in the natural history of man, that the means of raising subsistence are everywhere more abundant than population. The poorest and most indigent nations on the face of the earth might find the means of raising provisions for exportation, could they find a market to dispose of them, in exchange for other articles of commerce. Wealthy and populous states, too, are similarly circumstanced, could they find a market for the corn, and other provisions that might be annually raised and sent abroad.

This abundance of additional food might everywhere be drawn from the soil; and the cause why it remains unappropriated to use, is occasioned by the superabundance of labour with which the market is supplied, while the demand for it is principally confined to providing for the common wants of life. When almost every one has more labour to dispose of than is required for his own use, neither the amazing powers of human industry are called forth, nor the prolific stores of the earth unfolded. The reason is obvious: There is no market at which labour, or its products, can be disposed of, as every one has more of it at his own disposal than he requires. This, it must be confessed, is nothing more than a train of causes which keep man in a state of barbarism.

When commerce has brought capital into being, bestowed value upon the use of that capital, which then brings in an annual income without labour, and creates a thousand artificial desires that are to be gratified by the use of labour's products, then, an extended market for labour being called into existence, its powers are put forth, and the rich stores of

the soil more extensively appropriated to the use of man. But the latent powers of the soil appear to be almost inexhaustible. Improved as the soil of England now is, compared with what it originally was, to a near observer the *ne plus ultra* of its highest state of production appears almost as remote as ever. Agricultural capital, industry, and skill, have still an ample prospect before them. How much land is still imperfectly drained and cleared. What an extensive breadth of the very best land in the kingdom is appropriated to permanent pasture. And how capable is this land of yielding annually triple its present produce, were all the means of cultivation, and the manufacture of cultivated produce exerted. The crops of corn, artificial grasses, and esculent vegetables, capable of being *annually* raised on such soils, improved in value and production by the processes of stall-feeding, cookery, and manure, far exceed the utmost bounds to which food can be made available through the medium of permanent pastures. How little is comparatively done in irrigation. Our roads, canals, and railways, improved as they at present are, still fall far short of the utmost benefits they are calculated to confer on agriculture, and of drawing forth those latent stores of food from the soil which it is capable of yielding. Besides all these obvious means of improving its productive qualities, there is still another mode of immense importance, the application of a long continued course of careful and judicious cultivation to land, which does not wear out its powers, but renders them more vigorous and productive to an almost indefinite period. After all these various methods of improving the natural fertility of land, and the gross amount of its annual produce, are exhausted, an immense improvement may be sometimes made by that species of culture which pulverises the soil to a greater depth, and imparts to it more fertile qualities.

Were we, therefore, to apply the whole force of British capital, industry, perseverance, and skill, to the augmentation of the produce of the soil, what immense quantities of corn, cattle, &c. we could afford to export to other countries annually, even after providing for a greatly multiplied population at home. But where is there a market to be found? England is already better cultivated, and more highly peopled, in proportion to its extent and natural fertility, than any other country in the world; and suppose, by the application of capital and industry, we should draw forth the stores of the earth more abundantly, and thereby multiply population, that population would, in its turn, supply a greater portion

of disposable labour. Where, then, could we find a market for that labour?

We thus bring back the political economy of England, at the present day, to principles exactly similar to those which prevailed while it was thinly inhabited by a barbarous and uncivilized people—a superabundant supply of labour proportionate to the demand; and were that labour more extensively applied to the cultivation of the earth now, as it might have been then, a more ample supply of provisions might still be raised; but a market for that supply being equally wanted both now and formerly, the further efforts of industry are necessarily checked in that direction, because it throws a surplus of labour upon the market—the value of that labour is brought down—its reward will not enable the labouring classes to maintain an additional population—and the number of inhabitants in the country are limited, not because there is a want of capability in the soil of yielding more food, without the necessity of applying labour which is less productive, but because the supply of the market is overstocked with hands. Here, then, is the chief cause why we must reverse the whole order of political economy, and occasion that market for labour which foreign and domestic commerce never fails to create; and in proportion as we shall, by such means, be able to find a more extensive market for labour, the efficiency of our farm labourers at home is augmented, the productive processes of cultivation of the soil are set free, and the whole combination of events requisite to public wealth is maturely formed. But how is this to be accomplished? By corn laws? No. Corn laws are inimical to commerce; and whatever restrains or destroys commerce, restrains or annihilates the progressive influence of that scheme upon which national wealth depends.

Nothing can be more clearly evinced, than that proportionately as more of the working classes are drawn to manufactures and trade, and a greater number of people are enabled to live upon realised income, the market for farm produce must extend itself—the individual labours of those who continue to cultivate the earth become more efficient—and the general demand for labour more intense. It is this process which causes a rise of rent, profits, and wages, and lightens the burden of human toil, even though the productions brought to market by that toil are astonishingly multiplied. The whole mystery is this—capital and knowledge work more extensively in the place of man. Would the landed interest but fairly consider the importance of manufactures and commerce to themselves, they would be equally as anxious to

unfetter them as their warmest advocates are; because they extend the market for farm produce—take off the surplus hands which agriculture affords—and multiply the power of labour over production in every form which the ingenuity of man can devise. In truth, it is this process, the more effectual power of labour over production, which causes a rise in the amount of rent and profits, and combines together the several interests of the whole community.

To place this proposition in another point of view: Suppose at one period we find, out of every hundred able-bodied men contained in a country, sixty employed in agriculture, thirty-five in other laborious employments, and five gaining a livelihood without labour, or out of the proceeds of rent and profits; if, at a subsequent period, we find the distribution of this hundred men, in the 1st, forty—in the 2d, forty—and in the 3d, twenty, it is evident, that the demands of the market for agricultural produce must have become more intense, and occasioned the amount of rent and farming profits to advance. But in such a case we would find population also doubled. Therefore, the demand for farm produce would have risen in the proportion of forty in the first instance, to 120 in the second; which would probably have tripled rent, not by oppressing the labouring classes, in consequence of the increased difficulty of raising an additional supply of food, but by the aid derived from more efficient capital and knowledge. Now, as it is manufactures and trade which have created this new market for farm produce in England, so the landed interest is benefited by foreign commerce as well as all the other classes of the people; and as corn laws are inimical to that flourishing state of manufactures which lays the foundation of the national interchange of commodities, so these laws are eventually as injurious to the landed interests as to any other class of the people, because they prevent the home market from rising to the importance it would otherwise assume.

SECTION III.

The General Influence of Corn Laws Illustrated and Explained.

SUPPOSE each county in England and Wales were a separate state, or empire; as there is a perfect freedom in the corn trade throughout the whole, whether from land titheable or tithe-free, lightly or heavily burdened with parochial assessments, paying very little or very much to the direct taxes

of the state, high rents, or no rent at all, but in the hands of the proprietor, all the produce of the soil is allowed to be taken to market, when and where the owner of it may think proper. Here, therefore, we have a fair example of the effects of free trade in corn, cattle, and whatever else a farm may produce, divided into fifty-two independent states, or empires, some of which form a very contracted area, and are calculated to produce more extreme effects from exportation and importation than large empires are liable to, but which do not exhibit the nature and effects of free trade in corn the less clearly on that account. (See Table, No. 21.)

The greatest import counties are Middlesex, Surry, and Lancashire. Were the landed proprietors of these counties to insist that the corn, cattle, &c. purchased from other parts of the kingdom, and consumed by the inhabitants they contain, were detrimental to their interests, such a proposition would be treated by the rest of the people of England as truly ridiculous. And so it would be in reality. But suppose the landed interest of Middlesex, Surry, Kent, and Essex, should be granted the exclusive privilege of supplying the inhabitants of these counties with every description of the produce of land, what would the ultimate consequence be? Would each square mile of land in Middlesex continue to bring in an annual rental of L.1325—that of Essex L.692—Kent L.651—and Surry L.550? Nothing of the sort. A great portion of the inhabitants would instantly rush out of them, and take up their abode in other parts of the kingdom, where the trade in provisions remained free. Most probably Lancashire, and the counties adjoining it, would in a short time assume that rank among the other counties of the kingdom which the others had thrown away by their folly.

Let us now see how the landed interests of Middlesex, Essex, Kent, and Surry, would stand affected by the boon which they imagined had been conferred upon them. Would the rent of land rise? and the prices of corn, cattle, and other farm produce? Quite the reverse.

The chief cause of the high price of corn in London, arises from its being the natural depot of the commerce of the world, and the seat of empire. Its powers of labour, therefore, in a commercial point of view, exceed those of any other country in the world. It is the advantages of this power, or the performance of equal work with less labour, which draws together an immense population, that find employment in carrying on the affairs of this great mart, and also the affairs that arise out of it. The first supply of provisions which London receives, are naturally those of its vicinity. But these

are inadequate to supply its demands. An additional supply is then brought from more distant parts. As the distance to which this demand extends becomes greater and greater, so the price of corn, cattle, &c. rises in proportion, in order to pay the cost of transit, and leave a profit to the producer. Hence that which is burdened with the greatest expenses of transit will naturally bring the producer of it the lowest price: and the prices which all other producers receive, will be proportionately higher, according as they can take it to market at a lower rate of expense. Thus, the farm produce raised nearest to London will not only bear the highest price, but that description of produce will be cultivated which is in considerable demand, and brought from a distance at the greatest expense. So that an acre of land in the vicinity of London, originally equal in natural fertility to an acre of land in Poland, may ultimately bring 100 times the clear rental of the Polish acre.

When, therefore, the counties of Middlesex, Essex, Kent, and Surry, came to raise the whole produce of the soil demanded by a dense population, the dearth of provisions would force the court, government, and trade, to remove to other parts of the country; and when they raised the whole of their own corn, cattle, &c. the arid Middlesex clays, which now bring a rental of L.1325 to the square mile, might soon be reduced to one-third of that sum; and, instead of corn maintaining a rate of prices generally the highest in the kingdom, that rate would soon fall below the medium rate in such parts of the country as become the seat of government, manufactures, and commerce; and, instead of a square mile of land in Lancashire bringing in an annual rental of L.718, it might in time rise to L.1325, and thus occupy the station which Middlesex now holds. It therefore appears very evident, that nothing could be more injurious to the landed interests of Middlesex, than the exclusive privilege here assumed; and we therefore find, that the great population and wealth of Middlesex are wholly dependent upon a supply of provisions, and other produce of the soil, being brought to them from a distance; and that a monopoly, though it unquestionably employed more hands in agriculture, would prove highly detrimental to the landed interests themselves, lower the rent of land, and the prices of corn, cattle, and all other produce of the soil. In short, all those consequences would be realised that are pointed out at the commencement of this chapter. In every part of the world the doctrine of corn laws is illustrated. Corn everywhere brings a higher price, in proportion as towns demand it from those who incur a greater ex-

pense in taking it to market. It is the efficient powers of industry which collect together the inhabitants of large towns, establish markets, and raise the price of labour within them, as well as in their vicinity, and the prices of farm produce also, in proportion as it can be taken to market at a cheap rate. Grant a contracted monopoly of the supply of towns with provisions, and the towns vanish, labour falls in price, together with the produce of the soil.

Land is obviously the most valuable in the vicinity of large towns, and, in proportion to its natural fertility, returns the greatest amount of annual rent. In the first place, its natural fertility is there the most improved by artificial means, and equal quantities of its produce leave more money to the cultivator of it; but as the price of labour is necessarily higher in large towns than in the country, land in their vicinity is cultivated at a greater expense of labour than the more distant; because the first subtraction from the gross produce of the soil, no matter what its price may be, must be sufficient to enable those to live who contribute their labours to its productiveness, along with seed and horse provender, and also a remuneration for the moveable capital employed in its cultivation; and, therefore, the owner of the soil receives an advantageous price upon his own, or surplus share of the produce only. He also receives an additional advantage in that improvement of its natural fertility, which produce sold at a high price affords, having, besides, an advantage in raising such produce as is extensively in demand, and, where land-carriage is employed, brought from a distance at a great expense—for instance, potatoes, and other vegetables, milk, hay, &c.; and this circumstance, in consequence of the expensive rate of land-carriage, is chiefly requisite to the prosperity and happiness of large towns, and form a powerful cause of their existence.

It would therefore seem, that the cultivators of titheable land in the vicinity of large towns, cannot justly allege their interests are injured in consequence of farm produce being brought from distant parts, where rent, parochial assessments, public taxes, and labour, are not only low, but tithe-free. Rent, he must observe, does not immediately contribute to the annual production of his farm; and, therefore, in case he pays a larger share of the gross produce of his farm to his landlord than he can afford, the fault is his own, and he cannot charge the consumer with his folly; and should his annual proceeds be partly drawn away, or obstructed by other annual payments, which contribute nothing to production, he must charge these payments to the annual rent, and pay to his

landlord so much less accordingly. And though he pay a higher price for the labour he requires to carry on the productive processes of his farm, he has that disadvantage more than returned him in having a market at hand, and he pays the labourer no more than enables him to live; whereas the distant producer is saddled with all the drawbacks of expensive carriage to which bulky articles are liable; and, therefore, he who raises farm produce where he can take it to market at a less expense than other producers, can always afford it at a lower price.

It may be alleged, that corn may be brought to the London market from the interior of Poland or America, while little or none is produced in Middlesex. This circumstance is not caused by the inability of the Middlesex farmer to raise corn at a more profitable rate than the Poland or the American; but because grass, vegetables, &c. being of more expensive transit than corn, the Middlesex farmer prefers the greater advantage to the less.

Free trade in provisions, when fairly viewed, can never prove injurious to the landed interest of England; and our corn laws have a pernicious influence on the landed interests of this country, upon principles similar to what would happen to the counties of Middlesex, Essex, Kent, and Surry, were they granted a monopoly of their own provision trade. Certainly at the commencement of this monopoly, farm produce would sell at an excessively high rate. But how long would this last? No longer than a sufficient proportion of that population which great powers of labour and ample means of living had drawn together, could remove itself to some situation where it was more liberally treated, and more ample means of living could be obtained. The same cause which forced away the inhabitants, would force away capital at the same time. This was what really happened to Great Britain on passing the corn laws of 1815. Emigration was even recommended by government; capital was forced abroad, together with the emigrants; and though corn might be higher in 1815 and 1816 than it would otherwise have been, yet in the end all those symptoms have followed which would be peculiar to Middlesex, were it granted a monopoly of the provision trade. It so happened that parliament, in 1815, as on many other occasions, attributed operations of currency to the importation of foreign corn. In 1816, a great mass of bankruptcies occurred, which may be entirely attributed to currency, but which many people believed to be caused by the importation of foreign corn. On the other hand, the corn laws naturally aggravated the consequences which arose

out of operations of currency. In the years 1817 and 1818, the ports were open to the introduction of foreign corn, the effects of a currency raised in value in the latter of these years, were in a great measure alleviated, and the number of bankruptcies which in 1816 amounted to 2031, in 1818 fell to 997. But in 1819, the ports were again closed against the importation of foreign corn, the former effects of currency on trade were renewed, and the number of bankruptcies rose to 1541. (See Table, No. 23.)

Let the cautious reader mark what followed. In 1820 the number of bankruptcies fell to 1377; in 1821, to 1238; and, in 1822, to 1094; while the price of wheat, which in 1818, averaged 84s. 3d. a quarter, in 1819 fell to 73s. 4d.; in 1820, to 66s. 6d.; in 1821, to 54s. 5d.; and, in 1822, to 43s. 3d. Thus we see that this monopoly of supplying the home market with grain was followed by all those symptoms which would be peculiar to Middlesex, were a monopoly in the provision trade granted to its landed interest. The outset of the operation was marked by great mercantile distress, and in proportion as that distress subsided, the price of corn got lower and lower, until, in 1822, it reached a lower price than had ever occurred in any one year during the 25 years preceding 1815, in which the corn trade may be said to have been virtually free. From what cause did this extraordinary circumstance occur? The doctrine of corn laws maintained in the foregoing pages is supported by a body of curious facts, which fully bear out and correspond with every argument here advanced. In 1688, parliament passed corn laws for the avowed purpose of raising the price of corn. In the sixty years ending 1700, the price of a quarter of wheat averaged 45s. 4d. In the sixty-four years ending 1764, it averaged only 36s. a quarter. Here again a prohibitory system was followed by diminished prices. But in 1765, parliament granted a free importation of corn for the avowed purpose of bringing down its price. In the ten years preceding, the average price of wheat had been 33s. 4d. a quarter; in the ten years succeeding that year, it rose to 45s. 10d. a quarter. According to Table, Number 2. the lowest price of wheat in any one year, between 1765 and 1775, was 36s. 2d. a quarter; and it is evident that the prosperous state of foreign commerce, which may in a great measure be attributed to a free trade in corn, increased the demand for labour; money was brought into the country to a greater amount than it went out, and the price of corn naturally rose along with the high price of labour, and the improved circumstances of the commercial and trading classes of the people. Thus the

very means which parliament took to bring down the price of corn, it would appear, had a directly opposite tendency. But, in 1773, a prohibitory system was again resorted to; and, in the ten years ending 1784, the price of wheat again fell to 42s. 9d. a quarter. Thus parliament were again deceived in producing the effects they contemplated; they intended that the price of corn should rise, and it fell. In 1791, conjoined as it was with other events, a more liberal system of corn laws was adopted, the ports were virtually open; and in the ten years ending 1801, wheat averaged 68s. 1d. per quarter; and in the ten years ending 1814, the very year before the new corn bill was passed, the average price of wheat, measured in bullion at L.3, 17s. 10½d. an ounce, was 79s. 5d. a quarter; while the average price of wheat in the three years ending 1822, with ports constantly closed against importation for home consumption, was 54s. 5d. Thus, in every instance, free ports have been followed by high prices of corn; and a prohibitory system by low ones.

But perhaps the following Table shows, more clearly than the statements given above, how far corn laws and free trade have been followed by high and low prices, since it exhibits the price of wheat in each successive five years, since the year 1754, in gold at L.3, 17s. 10½d. an ounce.

Five years ended with	Wheat per quarter in bullion, at £3, 17s. 10½d. per ounce.			
1759	L.1	16	2	} Importation restricted by corn laws.
1764	1	10	7	
1769	2	3	2	
1774	2	7	6	} Free trade in corn.
1779	2	0	0	
1784	2	5	8	
1789	2	2	11	} Importation restricted by corn laws.
1794	2	5	11	
1799	3	2	5	
1804	3	17	8	} The importation of foreign corn virtually free.
1809	3	18	9	
1814	4	0	1	
1819	3	14	2	} Exportation restricted by corn laws.
1824 say	2	13	0	

The cause is obvious. Every country which naturally imports corn, must have favourable means of carrying on labours that require skill and combination, or of producing something else, (sugar, for instance,) to give in exchange for

corn. Some countries, having inferior means of carrying on labours that require skill and co-operation, having abundance of labour to dispose of, can afford to raise corn to give in exchange for manufactured productions, or such natural productions as their soil and climate do not bring to perfection. Countries, which have nothing they can dispose of abroad but corn, are totally disqualified from purchasing any foreign commodity, however cheap, if every foreign market be closed against the only commodity they have to dispose of. But suppose we put the case as follows. The counties of Middlesex and Lancashire naturally purchase provisions from other parts of England, and return back in exchange articles of commerce and manufacture. Suppose that Middlesex were allowed to exclude the provisions of other counties from her markets, though her trade remained the same in every other respect, Middlesex would soon cease to dispose of the greatest part of the proceeds of her industry, as she could neither afford to sell so cheap, nor obtain a remittance of money in return; for if no money were received back again from Middlesex, it would soon follow that no payments could be made in return; and in this way Middlesex would exclude herself from every other market in the kingdom, though no retaliative measures whatever should be resorted to. According to similar principles, if Poland has no article to dispose of but corn, which she has usually sent to England and France in equal quantities, and suppose England shut her ports against the importation of that corn, she can then carry on no trade whatever with Poland, but either directly or indirectly through the medium of French balances, or the money that France owes to Poland for corn; and unless she have some means of remitting money, she has herself totally prohibited the trade she had previously carried on with Poland, with whatever liberality of mind the Polish government might act.

Corn laws, when applied to England, limit the natural demand for labour which would otherwise occur, keep down the price of labour, and of corn along with it, and obstruct the increase of population, the accumulation of capital, and the advancement of the powers of individual industry. This is manifest, whether we consult common sense, or refer to the evidence of experience. Could a single instance be shown that the landed interests in any part of England were injured by free trade in provisions, or could be ultimately benefited by a monopoly, then corn laws might be vindicated so far as the peculiarities of the case extend. But no such instance can be given. Free trade accommodates all the natu-

ral relations of industry, harmonizes the universal interests of society, and extends the bounds of human happiness, so far as wealth is concerned.

Lancashire purchases from other parts of England a portion of every sort of the provisions she consumes. Does this injure her landed proprietor? No. With a soil perhaps little superior in point of natural fertility to Cumberland, each square mile brings in an annual rent of L.718; while Cumberland returns no more than L.327. Give the Lancashire landed interest a monopoly in the provision trade; unite the Solway Frith and the river Tyne by a sea canal; and in the course of a few years the rental of a square mile of land in the former county might fall below L.500, while the rental of the latter rose to above L.700 the square mile. In truth, that high rents, and high-priced provisions prevail in the vicinity of every large town, scarcely requires illustration; and that this is the doctrine of corn laws, is equally evident; namely, that the importation of foreign corn raises the price of corn grown at home, coinciding in principles with the fact that those farmers dispose of their corn most advantageously who can send it to the best markets, and at the cheapest rate of carriage. It may, however, still be urged, that free trade in corn leads to excessive population, and endangers national independence. We shall examine the merits of this imaginary phantom in the next section.

SECTION IV.

The Effects of the Exportation of Corn on the Exporting Country Examined.

As the supply of labour naturally multiplies more rapidly than its demand, to augment population without providing employment for the surplus labour that remains unappropriated, after the common necessities of life are provided for, is to create a famished and miserable race of beings. While new demands for labour can be organized, the application of additional cultivation to the soil is almost unlimited. But countries circumstanced like Poland, which are badly calculated to carry on manufacturing and commercial industry, in order to find employment for their surplus labour, exchange a portion of their corn for luxuries and manufactures. By this means the powers of agricultural labour are augmented,

and a more abundant supply of food is required to meet the demands of a rising population at home.

But perhaps we see this position more clearly exemplified in England. The counties of Norfolk and Suffolk send large supplies of corn to the London market annually, and in proportion as the metropolis has increased in magnitude, their originally barren sands have been brought into a more highly productive state, until the former abodes of rabbits and game have become as fruitful as most soils in the kingdom. Has the exportation of this corn occasioned a diminution, either of the population or the wealth of these counties? No. In proportion to rent they are nearly as highly peopled as the average of the kingdom. But prohibit the exportation of corn from them, and in a few years both their population and wealth would rapidly decline, and, possibly enough, the rabbits might "again quarrel about a blade of grass." The basis of wealth and population which commerce gives rise to, is not limited by the extent to which foreign interchange is carried on, for it organizes and calls into being new sources of national wealth at home, far exceeding in importance that which directly belongs to foreign trade. If the prosperity of the counties of Middlesex and Surry depends upon the purchase of provisions from a distance, if neither Norfolk, nor Suffolk, nor any other county in England, has been either impoverished or depopulated by the sale of those provisions, neither England nor Poland need be afraid of sustaining any injury by a free trade in corn.

When the disadvantageous circumstances under which the Polish corn grower is placed are fully considered, his humble means ought neither to excite jealousy, fear, nor ill-will on the part of the British farmer, who possesses means of production to which his rival is an utter stranger. 1st, The British farmer has a market at home; 2dly, All the advantages which skill, capital, and a valuable live-stock can impart, are ready furnished to his hand; and, 3dly, He has the most industrious and skilful labourers in the world, stimulated to the utmost exertion by the proceeds of free labour. Besides, to what does the English farmer owe these means? To that demand for labour which foreign commerce has created; and yet, in the littleness of his own mind, he would sacrifice every thing dear to himself and to his country to gain that which neither has, nor ever can bestow on him any one advantage. But let us inquire a little into the circumstances of the Polish corn grower. 1st, He must support his labourers as well as the English corn grower; and if the latter can have labour, wear and tear, seed and horse provender, found him

for 52 per cent of the gross produce of his farm, aided as he is by all the powers which capital, industry, and art can bestow, does he suppose the Polish farmer can have equal means found him for less than 84 per cent of the gross produce he raises? The English farmer has a market on the spot, and 48 quarters of corn to dispose of; the Polander must contribute one-half of his 16 quarters before he can have it in the London market. Thus, for every 8 portions of clear gain the landowner of Poland has acquired, the English landowner has obtained 48.

But the English landed interest may contend, that Poland might in a few years be equally as well cultivated as England. Admitting it were so, then, according to the same rule by which the London market for corn has raised the population and wealth of Norfolk and Suffolk, Poland would find a more extensive market at home; and, besides, as she would demand and purchase a greater amount of British manufactures and articles of merchandise in return, in no respect whatever could the landed interest of England be injured, but highly benefited, as it would occasion a demand for the surplus labour that is naturally produced by the population which a well-cultivated soil supplies with provisions.

Just in the same way, the more corn, cattle, &c. Ireland sends to England, the more wealthy and populous she becomes at home. Nor does Ireland thereby injure the landed interest of Lancashire, whose inhabitants consume the chief part of the corn which the former exports. Nor is it true that the Irish corn imported into Lancashire keeps down the price of corn there. On the other hand, it is the chief cause of raising it, by occasioning a dense manufacturing population, whose powers of production are high, and who, were it not for the imported corn, cattle, &c. would immediately emigrate, and cause the price of corn to become as low, or lower in Lancashire than in most of the other counties of England. It is obviously the abundance of money brought into Lancashire by trade and manufactures which occasions a higher price of labour there than in most of the other parts of England; and, were the importation of provisions restricted, would drive away both trade and manufactures.

Suppose, however, that a free state of the provision trade renders states too dependent upon each other, it is by no means necessary to interrupt free trade in corn, since to prohibit the exportation or importation of animal food would be quite sufficient of itself. The county of Westmoreland has a high rental in proportion to its population, and yet it imports corn. This is owing to that exportation of cattle which her exten-

sive pasturage enables her to make. Were Westmoreland, therefore, to prohibit the exportation of cattle, she would then not only raise her own corn, but become more populous, and perhaps would export it; and while cattle are not brought into England in large quantities from the continent of Europe, there is no danger of having a population so excessive as to endanger her independence. Long before there was any thing to be dreaded from excessive population, ample means of setting bounds to it might be anticipated by a prohibition of the importation of live stock.

Indeed, when we consider the prolific properties of the soil, that additional labour judiciously applied to it is capable of multiplying its annual returns almost indefinitely, and that the chief difficulty consists in creating funds to give profitable employment to a portion of surplus labour which agriculture brings to market, we at once perceive the utility of foreign commerce and free trade.

SECTION V.

The Profits of raising an additional Portion of Corn at Home, compared with the Profits of purchasing it from Abroad, in Exchange for Manufactures and other Articles of Trade.

WERE the rich pasture lands of England, as well as a considerable portion of the inferior soils, brought under a regular course of convertible husbandry, and managed according to the improved practice of modern farming, there can be no doubt but 20, 30, or 50 per cent additional corn might be raised annually, without diminishing the supply of animal food, since the abundance of artificial grasses, turnips, &c. the best modes of husbandry are capable of producing, would supply the market with the usual quantity of animal food, and, in particular instances, considerably more. But though a great addition of produce were thus obtained, it might not return more annual profits either from moveable capital or rent. The difference between the capital employed in carrying on a grazing farm, and putting the same farm under a course of convertible husbandry, is frequently very trifling; and when land yields considerably more rent in a state of tillage than pasture, it is then brought under the plough, if it be advantageous both to the landlord and the tenant, and would be so always. Though the corn raised in England, therefore, were increased 50 per cent, by bringing a greater breadth of

land under the plough, yet neither rent nor profits might be thereby augmented to any considerable amount, but an amazing extent of new income would be created in farm labour.

It may be argued, here would be no surplus labour brought to market; and that the new income would distribute itself, not only among farm labourers, but would also be acquired by those who furnished these labourers with their other wants, and thus completed the circle of demand to the full extent of the labour supplied. True; but then, in what way is all this labour called into action, as neither the landowner nor his tenant has any advantage in setting it to work? But increase the efficient powers of these labourers individually, say 10 per cent, this portion of the produce would then be divided between the owner and the occupier of the soil, which would cause them to set the labourers to work; and the 10 per cent, so divided, would also complete the demand for the whole labour supplied. But a stimulus sufficient to promote this reciprocity of interests is wanted, owing to the scanty manner in which additional rent and profits are increased.

Now, suppose this 20, 30, or 50 per cent of additional corn be obtained by exchanging manufactures for foreign corn, before a greater quantity of manufactures can be sent abroad, a new capital in buildings, machinery, ships, &c. must be provided. In the very outset of the process, therefore, rents from buildings, and profits from capital, come in abundantly; the execution of a larger quantity of work economises its processes—cheapness extends former markets—the powers of production are farther cheapened, until, at length, improvements are effected which human intellect never anticipated. But in proportion as the manufacturer attempted to bring in foreign corn, and raise the powers of labour by the demands of manufactures and trade, the farmer at home would find it his interest to employ more industry—his servants would be circumstanced in the same way—new markets would be opened out in his immediate vicinity—the roads and canals, which enabled him to obtain lime, coal, manure, &c. from a distance, and take his produce to market, would be extended, and, instead of an additional supply of 50 per cent of foreign corn being imported, most probably forty-five out of the fifty would be raised at home, and rent, profits, and wages augmented accordingly. Whether we refer to experience, or resort to speculative reasoning, it would seem that manufactures and foreign commerce stimulate agriculture, and impart to it those astonishing exertions which characterise that of England; and it is this stimulus which agriculture of itself neither does nor can create, because it cannot

find employment for the surplus labour with which it supplies the market.

The whole resolves itself into this simple fact: The last additional portion of corn, and other farm produce brought to market, scarcely yields either additional rent to the owner of the soil, or profits to the occupier and cultivator, while every farther addition made to manufactures and trade is attended with a corresponding increase of capital and profits. In whatever way the principles of corn laws are viewed, it appears extraordinary that the landed interests themselves should not have been long ago convinced of their pernicious influence on every branch of British industry; because they bring down the price of corn in the home market, oppress the labouring classes, obstruct the natural increase of population, are opposed to the accumulation of capital, and have even a ruinous tendency upon English agriculture itself.

Great powers of individual labour, when applied to the cultivation of the soil, leave a surplus of labour for which there is no demand, until commerce finds employment for it; and unless more powerful individual labour be applied, an improved cultivation of the soil makes no progress; and, therefore, a prosperous state of manufactures and trade gives rise to a prosperous state of agriculture also, and in time raises nations from the lowest depths of ignorance and barbarism to the highest pitch of civilization, good government, religious and moral rectitude, human happiness, scientific knowledge, and political consideration.

So far as regards the medium price of farm produce, as determined by its market value, it is chiefly regulated by the following circumstances: 1st, High prices are caused by free trade and warfare, as they occasion a great demand for labour, and raise its powers of production. 2dly, They are also produced by the issue of a greater quantity of bank paper, which partly supplants the use of coined money, and lowers the value of the precious metals already brought from the mines. 3dly, High prices are occasioned by the gradual accumulation of capital, and the introduction of more efficient mechanical powers, arising from the greater powers of production they bestow; by which means they cause a more abundant supply of gold and silver, or the circulation of a greater amount of bank paper, as the representative of coined money, and likewise contribute to raise prices, for the reasons already assigned. The discovery of more fruitful mines of gold and silver, and improved and more powerful methods of extracting the ore from the mine, raise prices also by the more plentiful supply of the precious metals. Low prices are therefore produced

by reverse operations: By opposing the accumulation of capital, and the progress of mechanical knowledge—by a restricted trade in corn and other commodities—by the circulation of a less quantity of paper money—by the fall of credit—and by any new difficulty that may be opposed to the working of the gold and silver mines.

CHAPTER V.

ON THE COMMERCIAL POLICY OF GREAT BRITAIN.

A FREE and unobstructed admission to foreign markets—the equally free permission of foreign merchandise to enter the markets at home—and a great amount of British money paid abroad, in the expenses of the state—in the investment of capital in foreign securities—and in the maintenance of absentees, constitute the true interests of the export manufacturers and merchants of the British empire, as well as of every other nation on the face of the earth.

The following are the effects of a great amount of foreign payments: The superabundance of the circulating medium at home is drawn away to foreign countries, a scarcity of money is thereby produced, the price of labour falls, and also the natural price of every commodity, according as the expense of labour forms a component part of the cost of production. The low price of labour at home, and the difficulty of making foreign payments, in case the markets, where those payments are to be made, are open to the introduction of our merchandise, whether the channel be direct or indirect, give the utmost encouragement to every one to produce commodities to dispose of abroad, in order to bring back that money which is so much wanted at home, and for which cheap labour holds out high profits. The attempt to drain the country of money, by making a great amount of foreign payments, ends, therefore, in stimulating industry and capital, to counterbalance these foreign payments by corresponding exports. Great Britain being the most perfect workshop in the world, and her inhabitants being stimulated to industry and the accumu-

lation of capital by the enormous amount of her foreign payments, draws her manufactories into masses, and is enabled to work cheaper, and in greater perfection, through the medium of the division and co-operation of labour, to avail herself more of the assistance of capital, and by these means to bring back the money paid abroad at a quicker rate, in proportion as these payments are made to a greater amount. So far are foreign payments, therefore, from draining the country of money, that they are the ultimate cause of its real abundance, in consequence of the augmented powers of production which they demand and finally call into activity.

Restrictions against the importation of foreign merchandise, and the exportation of gold and silver, are marked by appearances directly opposite. Spain, formerly in possession of the richest gold and silver mines in the world, thinking that these were the substance of wealth, not only endeavoured to prevent their exportation by prohibitory laws, but also by restricting the importation of foreign merchandise, in order that no avenue might be left through which the precious metals could escape out of the country.

The plentiful supply of the precious metals thus introduced into Spain, and retained there by every restrictive measure which the Spanish government could devise, naturally occasioned their superabundance, and a high price of labour in the home market was the necessary result. This circumstance disqualified her inhabitants from disposing of her manufactures in foreign countries. Her high-priced labour was not stimulated to individual efficiency by exportations, which went to force back into the country her foreign payments. In truth, her merchants and manufacturers had no means of making remittances home at a profitable rate. They were prohibited from buying, and, therefore, had no means whatever of effecting sales: for having already more than their natural share of those metals which formed the instruments of universal exchange, and the importations of all other merchandise being prohibited, no articles of a marketable description could be remitted home in return. Spain, totally unable to collect her industry into divided and co-operative masses, from having labour excessively high in price, began to have labour which was dear in exchange also, since there was no foreign demand to stimulate the powers of its individual efficiency. The exchangeable value of gold and silver, as articles of merchandise, naturally became less in Spain than other countries, and, not being of great bulk, were secretly withdrawn from her, and carried to those places where labour was cheap from the efficiency of its individual powers. In this

manner Spain lost whatever she sold, from a short-sighted policy of refraining from buying, and began to have both low priced and dear labour. While England, who had no gold and silver mines of her own, who bought merchandise and expended her money freely in foreign states, and began to have high priced and cheap labour, in consequence of the efficiency of her productive powers, the former lost her money by a secret drain, while she could not effect a single sale of her manufactures in foreign markets; and the latter, though she was the greatest buyer, and had the greatest foreign expenditure of any nation in existence, yet, from the extent of sales caused by her foreign purchases and expenditure, she had more money within herself, or was enabled to circulate more paper money as its representative, than any other nation in the world.

With two such memorable instances before us, of the influence of free and restricted trade, as England and Spain, supported by the opinions of the best informed merchants of the day, a restriction of the importation of foreign productions is necessarily destructive of foreign commerce—a preventive of the sale of our manufactures—a cause of low priced labour—and, eventually, of low priced corn. Free trade is, therefore, the soundest line of policy which the British government can adopt. For it is evident that we can hardly buy too freely, though we ought to be somewhat guarded how we part with those articles of machinery of which we have in a great measure a monopoly; not that we mean to infer that our manufactures are in danger, but that we ought not wilfully to do any thing which could possibly put them in danger.

Were free trade acted upon by the British government, what would be its effects on the price of corn in Great Britain? On an average of the ten years ending 1764, England exported 238,377 quarters of wheat annually; and in that year the importations were 396,857 quarters. In 1765 the bounty was discontinued, and free importation permitted. From that year to 1776 there was no instance, in any one year, of any great excess in the exports, while in 1767 the excess of imports amounted to 492,834 quarters; and for the ten years ending 1775, there was an excess of 136,315 quarters annually, (see Table, No. 2.) without a single instance occurring, in any one year, of prices being so low either as those of the ten years ending 1764, or of the years 1759, 1760, 1761, 1762, or 1763. Taking the circumstances of the country as they then stood, and considering that extensive exports were immediately followed by extensive imports,

even in times of peace, we may justly conclude, that the free trade in corn occasioned extensive imports, raised its price in an extraordinary degree, and gave that impulse to the commerce and manufactures of the country, which laid the foundation of all our subsequent greatness. If we add the excess of exports in the ten years ending 1764, to the excess of imports in the ten years ending 1775, we have a difference in the annual supply of 374,692 quarters, and yet the average price of wheat rose upwards of 37 per cent. What cause of alarm, then, have we from the importation of foreign corn at the present day? None. Our merchants and manufacturers then, as they would now, found more extensive markets for their goods—they were enabled to raise the price of labour, and to bring more money into the country by exports, than the imports could possibly send out in foreign payments; and this was accomplished by the improved powers of production which more extensive markets demanded. Whether the question be viewed through the medium of facts, or according to the most obvious deductions of reason, the conclusions are the same, that high prices both of labour and corn were occasioned by the freedom of trade; according to the arguments already adduced, from the circumstances of Great Britain and of Spain, namely, that purchases force sales, raise the powers of production, and cause money to flow into the country in greater abundance than foreign payments carry it out. Indeed, it is the same general law of political economy which renders annual income coincident with the efficient demands of consumption, and the repair and accumulation of capital. In both cases, industry and capital do more than repair the annual waste, and by that means form a portion of new capital and acquire more money, which augments public wealth in the one case, and the prices of commodities in the other.

It has been said, that the corn laws of 1765 had the effect of throwing a great breadth of tillage land out of cultivation. We shall admit that this was the case. That very circumstance is the most conclusive evidence that can be urged against a restrictive system. Neither the rent of the landowner, nor the profits of the farmer, would be thereby diminished, while the natural powers of the soil would be renovated, and its value improved. Now, the only circumstance that can throw land out of cultivation, as it is called, must arise from the dearth of that which augments production, and the cheapness of that which is produced; in other words, labour becomes dear and corn cheap—therefore a free trade in corn is the highest interest of the labouring classes; and since it enables the merchant and the manufacturer to obtain

more ample remittances from abroad, the demand for their productions is multiplied, and, together with this increase in the demand, their profits are increased in general demand, as well as in any given extent of dealing. They are enabled to outbid the farmer in the market of labour, from their carrying on more profitable production, and to reward the labour they employ more liberally. Were this not the case, the prices of labour and corn would fall—no foreign corn would be imported—the farmer would retain his labourers, and together with them a great proportion of unprofitable cultivation, or of those returns which are wholly paid away in the wages of labour. If the manufacturer and the merchant be enabled to pay a higher price for labour than the tillage farmer, the latter is compelled to lay aside unprofitable production, to give a higher price for the labour he employs, and to advance the price of his corn accordingly; because it is the price of labour which regulates the natural price of corn, and of every other description of farm produce, according to their value when used, and the difficulty of adding the last portion to the supply, which the efficient demand of the market requires. Then, where was the loss that arose, in 1765, from the conversion of that land into pasture which grew 374,692 quarters of wheat annually? Neither the rent of the landowner was diminished, nor the profits of the farmer, since the whole amount of this grain was divided among the labouring classes, who voluntarily gave it up, in consequence of a higher reward being offered them by the manufacturer and the merchant; and so far were these measures from injuring any of the active classes of the community, that they were greatly benefited—the capitalist by more ample profits—the tenant farmer by a higher price for his farm produce—and the labouring classes by being more liberally rewarded for their labour. The impulse which the accumulation of capital thus received, increased the means of living, and of making purchases in the home market—roads, canals, harbours, and docks, were extended, the means of internal intercourse everywhere improved; and there can be no doubt but even the agriculture of England made a more rapid advancement between the years 1765 and 1775, than during any period of time prior to the year 1787. We have thus established our main argument, that free trade is the soundest policy of the landed interests of Great Britain, and of every other class of the people, except the monied interests, the value of whose loans must be diminished by the high prices which free trade uniformly occasions. But in proportion as the capital of the nation is augmented, and the country becomes more prosper-

ous, the interest of money rises, and the solid wealth of the hoarder advances through the medium of compound interest. Hence free trade is the highest interest of every class of the people.

Those who are inimical to a free trade in corn, argue as if its price would remain the same in foreign markets as at present. They tell you, for instance, that wheat of the best quality can be bought at Dantzic for 35s. per quarter. True; but let merchants import annually into England from Dantzic what grain they please for home consumption, and duty free, and at no distant period the medium price of Dantzic wheat would be advanced to 70s. a quarter, instead of 35s. as at present.

The effects would be the following: The inhabitants of Prussia and Poland would buy more of our manufactures and colonial produce, in proportion as we increased our purchases of their raw produce. The mere distribution of our merchandise among them would augment their capital, as well as that which would be required to supply us with the produce of the soil they gave in exchange. Thus, in the course of not many years, Prussia would buy four times the quantity of our manufactures now demanded by her, and at doubled prices.

We shall state this opinion in another form: Suppose the people of Lincolnshire were restricted from selling any portion of the produce of the soil in any other part of the British empire than in their own county, the medium price of wheat would probably sink to 20s. a quarter, and they would cease to purchase manufactures from the other counties of England. Were, for instance, the county of Lincolnshire cut off from the trade of the British empire as completely as Prussia and Poland now are, by a restrictive system instituted by the legislature, her natural poverty would disable her from purchasing one-eighth of those commodities from other parts of the kingdom which she now demands; and being unable either to find employment for her own surplus labour, or to require that of other counties, as is the case at present, the exclusion of Lincolnshire from the other counties of the kingdom would tend to lower the price of corn generally; and, upon similar principles, the general restriction of trade throughout the United Kingdom would carry back the empire to the fourteenth century, and, by this change, affect also the price of labour and corn. Free trade, therefore, is the chief cause of high prices *both at home and abroad*.

Were the British government resolved to unfetter foreign trade, the next subject of our inquiry is the consideration of the most politic measures to be adopted. To buy freely of

all those nations who refuse to purchase, would have the effect of raising their prices above those of other countries; and of finally shutting them out from the general marts of the world, because their merchants would find a universal difficulty in remitting money home when there was no counter-balance of payments; which shows most decidedly the very dangerous situation in which a restrictive system has placed the manufactures and commerce of Great Britain: and were it not for the great amount of money we are investing in foreign capital, foreign securities, and expending by absentees abroad, our manufacturers and merchants would frequently have no means of remitting money home, and would necessarily cease to sell. With this obvious fact before us, which we begin to smart under daily, and which has thrown a surplus of labour upon the home market and upon agriculture, produced low priced labour and low priced corn, reduced the tenantry to poverty, many of our landowners to beggary, sown dissatisfaction among the labouring classes, and disheartened the liberal minded merchant and manufacturer, we have been taught a lesson, the value of which we begin to appreciate, and shall soon relinquish that line of selfish policy which has shaken the prosperity of the empire to its very basis.

From what has been already said upon the subject of free trade, it is obviously the highest interest of every nation upon the face of the earth. Within the British empire we have the best evidence of its good effects clearly illustrated. We see all ranks of the community benefited by its influence, and united in giving it their most cordial support. Free trade, which is so beneficial in all the integral parts of the British empire, is equally applicable to the various nations of the earth, and naturally combines in one continuous chain the universal interests of mankind. All its arts are those of peace. Warfare is its bane, and is in every respect inimical to its progress. Reciprocal buying and selling comprise the whole of its mysteries. Great Britain has experienced only two short periods of unalloyed prosperity, from the year 1755 to 1775, and from 1787 to 1807. In both these periods she expended her public money abroad with unusual freedom, and imposed but few restrictions upon the purchase of foreign merchandise; and though, in both periods, she made an enormous amount of foreign payments, yet her prices at home were uniformly high. The whole secret is this: Purchases have the effect of forcing corresponding sales, and of causing an advancement in the powers of productive labour, which force money into the country more quickly than the

most liberal purchases can export it to foreign states. From the attitude that the British empire has assumed among the nations of the earth, she in a great measure holds the great sources of war and peace in her own hands. The advancement of her commercial prosperity constitutes her highest interest, and supplies her with the very sinews which empower her to wage war on the one hand, or dictate peace on the other. Her true line of policy is evidently to draw all nations into a general adoption of free trade, and thereby to render universal peace as much the interest of nations, as it is at this moment the source of happiness and loyalty in all the integral parts of the empire. The facts are so abundant in opposition to that policy which proposes to sell all and buy nothing, that its erroneous principles no longer remain a problem. The United States of America, in opposition to the restrictive system of Great Britain, have lately imposed high duties upon manufactured articles of trade.

What has been the result? The importations of cotton-wool from the United States of America to this country have been 120,000 lb. weight less in the first seven months of the present year (1824,) than in the first seven months of last year. It is said, we have found out cheaper markets where cotton-wool can be bought. And why? Because the government of the United States is attempting to draw away the balance of payments through the medium of which we remit them British money, and by not buying our manufactures so extensively, they point out to our merchants cheaper markets in other countries for the purchase of cotton-wool. However ideal it may appear, there are few obstacles which prevent us from preserving the universal peace of the world, and of bringing about that millennium which free trade, harmonizing the various nations of the earth, and contributing to promote the diffusion of genuine liberality, is calculated to produce.

An extended view of the subject, therefore, brings us to this consideration, whether is it more advisable to buy partially, indiscriminately, or to adopt a temporizing line of commercial policy? We shall now endeavour to point out the arguments adduced in support of these three distinct modes of proceeding, and leave the reader to form his own conclusions, as we confess we have not sufficient information to determine us in forming a decision.

Partial buying we conceive to be the adoption of reciprocal duties. Suppose we imposed *ad valorem* duties upon all commodities imported from foreign states, (such articles excepted as are at present imported duty free,) equal in amount to the

countervailing duties levied by all states to which we export our merchandise, uniformly taking it as the basis of this system, that trade was free when duties were levied upon all merchandise, whether of home or foreign production, to an equal amount. Thus, a state that permitted the free importation of manufactures, &c. would import corn, cattle, and all other farm produce and manufactures, into this country duty free; while ale, British spirits, &c. would be subject to the same duties as those of home production are. Suppose all the nations of the earth adopt free trade, would Great Britain have any thing to fear from it? We apprehend nothing. But suppose that Prussia and the German states only should meet us upon this general basis, and that, in the course of a few years, we imported from them corn valued at L.5,000,000 sterling, this reciprocal trade would raise the prices of labour both at home and abroad—the price of all farm produce would advance together with it—the distribution to which the introduction of our merchandise would lead upon the Continent, would call new capital into being, wealth would create wealth, and their additional purchases would be fully equal to those we made in return; and thus trade would naturally balance and adjust itself according to purchases and sales. Suppose we lost the annual production of L.5,000,000 sterling worth of corn, which we certainly would not do, the natural increase of population and wealth would prevent such an occurrence, neither the rents nor profits of the landed interest would be diminished, nor the wages and employment of the labouring classes, while the profits of capital and trade derived from the exportation of our manufactures would rise in a very great proportion. According to this supposition all would go on well, and the system of reciprocal duties would appear very plausible.

We shall now examine the system of indiscriminate duties; and suppose that France had shut out our merchandise from her markets, and had become a powerful competitor in the exportation of her manufactures. If we bought French commodities to the amount of L.2,000,000 sterling annually, for which we had no direct balance, we would naturally force a balance by indirect means, buying up those bills in foreign countries which France paid abroad, leaving the French merchant no means for sending remittances home for the merchandise with which we came in competition, and by this method we should either shut him out of the foreign market altogether, or render him a much weaker competitor. For though we had no direct balance against France, her merchants could not prevent us from buying up the bills she

paid in those countries where she made actual purchases, and depriving them of the means of effecting foreign sales as manufacturers.

As the temporizing system of commercial policy is that on which nations have hitherto acted, to discuss its merits would evidently lead us into details not coinciding with the object of the present work. It has been a sort of prevailing opinion, that commercial policy consisted in selling as much, and in buying as little as possible. It might have been imagined that the absurdity of the scheme would long ago have defeated itself. Even the import trade of England is of much more importance to her than her export trade; and unless we make corresponding imports, our exports are all undoubtedly lost to us.

In the first place, imports are paid for by exports; which we shall suppose yields to Great Britain an annual income of L.40,000,000 sterling; secondly, we levy duties upon the commodities we import, which are eventually paid by the consumer, to the amount perhaps of L.30,000,000 or more; and, thirdly, the distribution of these imports, we may suppose, in the dues paid for harbours, docks, canals, and roads—in the rent of warehouses and shops of various descriptions—in the wages of labour required to convey them from one place to another—and in the profits of general traders and retail dealers, amount to L.30,000,000, making altogether a grand total of L.100,000,000 of annual income derived from those very imports, which are the chief cause of all the exports we make. The import trade is the most advantageous line of industry which a nation can possess; because the income arising from the importation of foreign merchandise resolves itself into a much greater proportion of rent and profits than what arises from any other source of public wealth.

Every attempt, therefore, to diminish by any conceivable species of restriction, the most extensive system of import trade, must prevent us from converting the United Kingdom into that workshop for the whole world which our insular situation, our mines, our free constitution, and our long continued habits of industry, springing from our freedom and our commerce, have at present so indisputably secured. An injudicious and selfish policy, on our part, may at no distant period contribute to unshackle more speedily the hardy children of the north, and thus by our folly place in the hands of the Emperor of Russia those incalculable blessings which our present advantages render wholly our own. Great Britain enjoys at this moment a vantage ground,

which enables her to dictate laws to the whole world, by merely consulting her own commercial prosperity, and by throwing open her markets to the combined industry of the eastern and the western hemispheres. Personal, political, and religious liberty would thus be very speedily extended, together with every other advantage, to those parts of Asia and of Europe, where it would otherwise require the lapse of many centuries to undermine even their most ridiculous prejudices and errors.

It is a common remark among the commercial men of the day, that our towns on the western coast of the kingdom are more prosperous at present than those on the east, and their credit more fully relied upon. While the importation of foreign corn is restricted, which formed the principal part of our purchases in the north of Europe, our imports from the west are not only in a great measure free and unrestricted, but go on increasing with amazing rapidity. Thus trade is prosperous on the western coast of the kingdom, arising from the facility with which the merchant can obtain foreign balances of money against this country, while it languishes on the east, from the difficulty of obtaining those balances in the north of Europe, and of making remittances home of the proceeds of sales. While, as ports and trading towns, London, Hull, and Newcastle, are in a languishing state, in consequence of the effects produced by the corn laws upon them; Liverpool, Bristol, and Manchester, are flourishing from the rapid increase of our imports from the west. This is the real cause why the Manchester trade, as it is termed, has left London with a celerity almost incredible, and settled in Manchester. It is also the cause of our immense sales of cotton twist to the north of Europe, and of the diminution of manufactured cottons. We have restricted the balance of foreign payments that was formerly brought against us, and have thus wilfully and most ruinously shut ourselves out from markets which the natural channels of trade presented to us. Those states which obstinately refuse to buy, deprive themselves of the means of selling.

It must therefore be evident, from this view of the effects produced by a restrictive and monopolizing system, that wars are invariably injurious to the prosperity of states, not only by compelling the mother countries to give an undue support and encouragement to colonies, but by causing a spirit of jealousy between neighbouring states that the waste of ages cannot obliterate. Commerce with France is the most natural and profitable for Great Britain, and perhaps may, at no distant period be established upon a basis not less firm

and important than that on which our intercourse with Portugal rests. The timber trade with the north of Europe is much more conducive to the riches of this country than with our north American colonies, and a complete reciprocity—the surest, perhaps the only lasting foundation of the amity of states—never will be established between the various kingdoms of Europe, while the interest of remote settlements is injudiciously preferred to those of neighbouring countries.

CHAPTER VI.

CONSIDERATIONS ON THE FINANCIAL AND POLITICAL POLICY OF GREAT BRITAIN.

LOADED as we are with a national debt, the annual interest of which is nearly L.30,000,000 sterling, a continued period of peace, the accumulation of our national capital, the prosperity of agriculture, foreign commerce, manufactures, and navigation, accompanied by a high price of labour and of labour's product, whether agricultural or commercial, point out to government a straight forward line of policy, which is all centred in one word—free trade. That free trade is capable of accomplishing all these objects is pretty evident, if we rely on the facts elicited in the two preceding chapters. Indeed, the table on the price of wheat in England, inserted in page 348, furnishes the most decided testimony that free trade in corn raises its average market price; because it creates an efficient demand for surplus of labour, which great agricultural industry, capital, and skill, naturally produce; and accordingly, in the five years of free trade in corn, which succeeded the year 1764, we find the price of a quarter of wheat rose from L.1, 10s. 7d. which was the average price of the preceding five years when its trade was restricted, to L.2, 3s. 2d.; and in the five years ending 1774, to L.2, 7s. 6d. A more restrictive system was then acted upon, and its medium price was comparatively lower during the fifteen succeeding years. From the year 1790 to the year 1815, the

corn trade was virtually free, and we find the medium price of wheat, measured in bullion at the standard rate, rose in each succeeding five years, throughout the whole of this twenty-five years. In the year 1815 those noted corn laws were enacted which have closed the ports against the introduction of foreign corn, unless its scarcity be such as almost to approach a famine. And what effect have these laws had upon the prices of corn grown in England? On an average of the first five years, the price of wheat falls 5s. 11d. a quarter, and it falls in price L.1, 1s. 2d. a quarter, (we have supposed) in the five years ending 1824, or L.1, 7s. 1d. a quarter lower than the five years preceding our famous corn laws. Surely if in any case facts are stubborn proofs they are so in the present instance. Indeed, it can hardly be questioned, that were the freedom of the corn trade restricted in the united kingdom of Great Britain, the price of corn would sink very considerably, since the division and co-operation of labour depend upon manufactures and merchandise being concentrated into large masses, to which a restricted trade in provisions is decidedly inimical.

From a consideration of this last circumstance, it is not improbable but Great Britain, by her system of restrictions, may finally force the United States of America to commence, in self defence, extensive manufactures which would thus deprive us of a most valuable export trade. America, if she pursued her natural interests, and a liberal policy were adopted by this country, never would form, during many centuries, any plan for the establishment of manufactures, because the improvement of agriculture is her greatest interest. If, however, our conduct compels her to adopt the manufacturing system, the very capital thus expended, and the large manufactories thus established, would inevitably induce her to continue those measures which our own exclusive and ignorant policy had caused.

Had the commercial relations which Great Britain maintained in the year 1805, not been arrested by the anti-commercial system of Napoleon, the high price then paid for manufacturing labour and rapid rise in the price of farm labour which was then going on, would in the course of a few years have raised the natural price of wheat to more than L.6 a quarter; and, of course, its average market price. For it is a fact worth attending to, that the price of farm-labour in the year 1807, measured in standard bullion, was 15s. 0 $\frac{1}{2}$ d. per week, (see Table, Number 11. Part 2.) which would make the natural price of wheat 95s. a quarter. Restore the commercial relations of the year 1805, and in the course of a few years the high prices then paid for labour in

every branch of our industry would return, and along with them a corresponding high price of corn, however unrestricted trade might be. Indeed it is free trade which causes a high money price of labour, and of the articles brought to market according to the quantity of labour bestowed upon their production. We may conclude, therefore, that free trade is fully adequate to the raising of the natural or medium price of wheat to L.6 a quarter, or about twice the natural price of the year 1823. We may therefore calculate upon the value of money falling one half in the course of a few years, were a liberal system of commercial interchange adopted; unless a sound system of currency were instituted, which would uniformly restrain the value of the circulated pound sterling from rising or falling in value. But there is very little probability of such a system of currency being introduced. We might therefore calculate upon having, in the course of a few years, twice the amount of nominal value we now have, or of paying the annual interest of the national debt, with what was in reality only worth L.15,000,000 of our present money, though actually paid in standard gold at L.3, 17s. 10½d. an ounce, or bank paper which represented that gold.

Having laid the foundation of free trade, and those high prices which it naturally occasions, we may suppose that a highly prosperous state of the country would double our taxable income in the next thirty years. In case, therefore, we had a continued period of peace during that time, and the annual interest of the national debt remained what it now is, with twice the amount both of nominal and of real income, we would possess four times the means of paying the annual interest of the national debt which we now do; and suppose that the annual interest of the debt were then reduced to L.15,000,000, by a redemption of one half of the principal, we should possess eight times the means of liquidating the unredeemed portion of the national debt which we now have.

However visionary this scheme may appear in theory, yet it perfectly accords with past experience, and with those events which have actually transpired since the close of the American war. The most doubtful part of the consideration is, whether we shall remain at peace during the next thirty years, which we confess is contrary to the spirit of the world. But change that spirit; show mankind the true and solid blessings of peace, and the advantages of commercial interchange, particularly the advantage of making extensive purchases, and a long continuance of peace would be much

more probable. It is true our present commercial policy is directly in opposition to these principles; we have wilfully shut ourselves out from the markets of the North of Europe, by obstinately refusing to purchase, and thereby restricting that commercial interchange of merchandise which a natural course of events has opened to us. But, surely, we have been taught a lesson of salutary wisdom, and we will not persist much longer, it is to be hoped, in a course of folly so very dangerous and detrimental to ourselves. We shall ever find the various nations of the North of Europe disposed to buy our manufactures and colonial produce, to any amount, if we offer them a fair and reciprocal interchange. Can any nation, in common fairness, wish for more? It is our true interest; and shall we any longer refuse to listen to the voice of reason, to the arts of peace and national intercourse, in preference to greedily pursuing a selfish phantom, which has never benefited us, but done us incredible mischief, by producing jealousy and ill-will?

Germany and Poland are to Great Britain, what the counties of Suffolk and Norfolk are to England. To whatever amount we extend our purchases from them they will purchase in return. This is the true method by which their political consideration may be sustained and improved, and be placed as eternal barriers of power against France on the one hand, and Russia on the other. This was the true Pitt system; and shall we abandon it during the present period, which is so auspicious, and promises our future happiness and national prosperity? It cannot be. Surely the days of our infatuation are past, and the time is fast approaching when we shall convince the nations of the earth, that liberality is the only sure foundation of state policy; that restrictive systems of commerce are founded in the grossest ignorance; and that warfare in defence of commerce is destructive of the very principles it proposes to maintain.

France, indeed, may display some obstinacy; but we have full means of forcing her, whether she will or not, into the universal compact of nations, and the reciprocity of commercial interchange, by buying her own produce liberally; we ought to reduce to a low rate the extravagant duties we levy upon her wines and her brandies, &c. It may be said, we cannot want the revenue they raise. A more extensive consumption would partly relieve the deficiency of the revenue; and suppose we had no surplus revenue for a few years which could be applied to the liquidation of the national debt, yet the attainment of the ultimate object we had in view would so far outbalance any inconvenience we could suffer on this head,

as to render it quite a secondary object; which would be attended with the more certainty and effect the moment we had gained a reciprocal interchange of merchandise. For when our merchants, who imported from France, came to buy up the bills which France paid in other countries, her manufacturers would be brought into a state of general embarrassment, and the only remedy they could adopt would be to buy our manufactures, the chief object of our policy.

When, therefore, we take an extensive view of the political and commercial relations of the world, and compare these with our own relative station, whether they regard our true interests in finance, agriculture, manufactures, commerce, or navigation, they all point at the same grand end—peace and free trade; nor is there any obstacle so difficult to be removed as our own infatuated opinion, that a restrictive system accords with our true interests.

The march of liberal opinions on this subject is, however, rapidly advancing, and the present times are in every respect favourable to great and extensive reform. The price of corn in the home market, though we have a more dense population than ever, and importations from abroad have been restricted for home use, has fallen so low that no measures of free trade can possibly make it worse. The surplus labour and capital of the country annually applied to a grateful soil, multiply our produce far above any market that can be found, and exhibit the extraordinary phenomena of a productive soil and ruined farmers. Why, it may be asked, are those farmers ruined? Because they have a surplus of cheap labour at hand, and by setting that labour to work, raise an abundant produce; and the superabundance of labour and farm produce has so reduced the prices of every thing the farmer has to sell, that the utmost freedom of trade cannot possibly do him any injury. The present, therefore, is the very best period for annihilating our corn laws, since the tenantry of the United Kingdom cannot possibly be injured by such a measure, and the landed proprietors themselves would be finally benefited. Free trade would soon place the farmer in more favourable circumstances, since the surplus labour of the country would be employed, the prices of grain would be advanced, and the tenant would soon receive those remunerating prices which corn laws have altogether failed to effect.

If we examine the unbounded field of manufacturing and commercial enterprise that presents itself to the mind, it would appear admirably calculated to carry into action the most latent powers of British capital. Were the universal freedom of trade but once fairly established, all the nations

of the earth would find peace their highest interest, since it is best calculated to insure their comfort and happiness. When a great mass of industry was everywhere found to depend upon a foreign market, the people would regard war as the most deadly evil, and by that means the future peace and prosperity of all nations would be secured. Such a view of the future happiness of the whole human race, rapidly and progressively advancing in the uniform track of literature, science, and improved manufactures, presents the most delightful prospects to the genuine lover of his species, and proves, in the most satisfactory manner, the truth of our poet's remark,

“ That true self-love and social are the same.”

CHAPTER VII.

ON THE COLONIAL SYSTEM OF GREAT BRITAIN.

THE advantages of the colonial system are chiefly to be attributed to the freedom of commercial intercourse it naturally commands. Hitherto this system has been the main cause of the advancement of the wealth and power of the British Empire, and is, at this moment, the solid basis on which its manufacturing and commercial prosperity in a great measure depends; and ought, therefore, to be upheld by every sacrifice of blood and treasure, while the politics of the world are regulated as at present, by petty jealousies, selfish monopolies, and mistaken principles of trade. Nor ought we, for a single moment, to relinquish the colonial policy on which we have acted, until its abandonment is necessary. Should, however, a period arrive in which all nations shall become truly liberal in the terms of commercial interchange, it might then be questioned whether foreign colonies were beneficial to the parent state. We apprehend that period is more a blessing to be contemplated than an object which can speedily be attained.

The flourishing state of our foreign commerce during the latter years of the late revolutionary wars, clearly demonstrates the wisdom of the colonial system we have adopted.

Notwithstanding the combined efforts of foreign independent states to ruin the commercial and manufacturing industry of Great Britain, between the years 1808 and 1813, yet in the year 1812 we exported merchandise to all countries, valued at L.73,725,602 sterling, and imported from all countries to the amount of L.60,424,876. Nothing can prove more decidedly how much we owe to our colonies, and how zealously we ought to maintain a system which has saved the country on many occasions, and is at this moment the only secure branch of foreign commerce we possess. At a time when a virulent and powerful enemy resorted to every measure which the greatest sacrifices and the most artful policy could devise, for the purpose of destroying British commerce, our powers and resources were never so fully exhibited to the world. Nor can we for one moment doubt how much we then owed to the colonial trade.

It has been already shown how important it is to create a demand for the surplus labour with which great agricultural industry supplies the market. The new capital continually required to carry on colonization, the constant remittance of annual income ultimately derived from that capital, the luxuries and raw materials of manufacture which are imported, and the manufactures and additional capital constantly demanded; create employment for every individual which the country can want, in some one or other of those forms in which extensive national wealth exhibits itself.

The new capital annually invested in colonization, it ought to be remembered, is never advanced out of the capital stock at home, but, on the contrary, tends to augment that capital stock very considerably, being remitted in the manufactures and other productive industry of the country with which property formerly realised and labour supplied the market annually; and it therefore follows, that all capital so created abroad, is the clear gain by which national wealth gradually accumulates, so long as new means of the profitable investment of capital can be found either at home or abroad.

While, on the subject of colonies, we shall venture to make a few remarks upon employing the labour of slaves. With respect to right of soil and to the moveable capital invested in its cultivation, those as clearly belong to our planters as the estate of an English landowner and capital of a merchant belong to them. They are the proceeds of industry, and unless that industry or its proceeds were secured to those by whom it has been advanced, colonies, as well as every other country, must have remained the rude uncultivated wilderness which nature presents. To protect the planter, there-

fore, is to protect that capital which industry has stored up, and without which no national wealth can exist. In point of fact, the slaves have no more claim to property in the colonies, except such as law and usage have awarded them, than the labouring classes of this country to the whole of the land and capital contained in it; because, they have not stored up that industry upon which the welfare of the whole depends, and, not having contributed any thing towards this store, to allot them any portion of it but what was acquired by savings out of labour, would be to seize upon that which industry and economy have provided, and for the saving of which the expectation of reward was held out to them.

This being the case with respect to property, the next question is, how far is slavery justifiable? In answering this, we may conclude, from the manner in which industry is carried on in the West Indies, that it arose out of circumstances, and is continued for similar reasons. Indeed, the origin is more questionable than its continuance, for the latter has perhaps become a matter of necessity which, to interrupt, might be not less disastrous to the slave than to the master. In truth, the structure of society in the West Indies depends upon it, and to destroy that structure by any other than a slow and gradual amelioration of the whole system, would be contrary to those principles by which religion herself has triumphed over infidelity and superstition.

But is there any tendency towards amelioration? Certainly. The same train of events which introduced slavery into our colonies, will finally lead to its total abolition. A considerable portion of the negroes have already purchased their manumission; in the island of Trinidad more than one half; and in proportion as these are industrious, economical, and good members of society, their numbers will augment; according to the common laws by which population naturally and progressively advances to the means of subsistence, by which a general manumission of the whole negro population of the West Indies must be effected by a train of events highly advantageous to the planters, but which is greatly retarded by all those ill-advised measures which go to change the relations of society by forced and unnatural proceedings.

For, if we examine the constituent principles of society in England, we find that the natural value of one year's labour is adequate to no more than the maintenance of the labourer and his family during the year. Now, admitting a negro to be worth L.50, and that his master is liable to maintain him while he lives, then he is worth L.50 more than our English labourers, since their employers pay them no more wages for

their labour than what is adequate to their support. If, therefore, we place the final manumission of the slaves in our colonies in a just point of view, the planters alone would be thereby benefited, since they could purchase free labour at as low, or even a lower price, without advancing a sum of money for the value of the slave, than they now pay for bond labour, by which their maintenance is continued; which is more than is ever paid for labour in our agricultural districts at home, where a portion of the real wages of what we call free labour is paid as a relief to pauperism, a system of slavery more lasting in its effects than that of the West Indies.

Whether our West Indian proprietors have taken this view of slavery we know not. But we are fully satisfied that the final abolition of slavery, in the manner already stated, if it could be accomplished, would enable the planter to obtain free labour at a much cheaper rate than he now pays for the labour of his slaves. If, then, we take a just view of slavery in our colonies, it is no less desirable for the planter than it is, in a moral point of view, to the sincere friends of personal liberty. If men would but condescend to view the subject dispassionately, and look with a steady eye to the real amelioration of the whole human race, according to physical and moral circumstances, they would find much less cause for a number of those injurious and weak bickerings which disturb the repose of society, and too often convert the walks of peaceful life into rapine and bloodshed. Mankind have all one common interest, the protection of labour and accumulated capital in all their various forms, the general introduction of free trade and free labour, and the universal institution of personal, political, and religious liberty. However desirable these great blessings may be, we shall never obtain them by a rude and uncourteous hand. They must be wooed by the smiles of sincerity, the forbearance of fortitude, and the steady perseverance of industry.

There is no reflection more gratifying to the friends of political economy than this important truth, that the enlightened principles of their science are invariably coincident with the diffusion of that political and religious liberty so fully exhibited by the British constitution. They may justly be considered as threads woven in the same lasting web of human happiness and comfort, unmingled with selfishness, and continually removing those useless restraints which hold mankind in thralldom without producing any beneficial results. All its ways are industry, peace, foresight, cool deliberation, and firmness, opposed to those Utopian schemes which would rashly pull down the house above the heads of its inhabitants,

and blindly bury in one mass of ruin both the employer and the employed.

We shall now endeavour to show how far the question of free trade is connected with the interests of our colonies. It is true they might lose in some respects, but they would gain much more in others. If we imported less timber from Canada, we should import four times its value in corn, and other produce of the soil. Should we prefer the wines and brandies of France to the rum of the West Indies, the northern nations of Europe might make up any loss sustained in this way tenfold. In truth, it is quite unnecessary to examine the question any farther, since the same universal diffusion of commerce, which is so desirable to the British manufacturers, presents advantages no less important to our colonial and maritime interests.

CHAPTER VIII.

ON THE COMMUTATION OF TITHES.

UNFETTERING the creative process is one of the main objects of political economy, as it ought also to be with respect to legislation. No objection is formed to tithes as property; but to the manner in which that right is used. No warm lover of his country, however tenacious he may be of the just claims of the owners upon this sort of property, can view the full exercise of that right with approbation; for it is not the sum which they take that causes the objection, but what they destroy in taking it; or, in other words, it is the natural augmentation of the produce of the soil which they prevent, in consequence of exercising claims where nothing can be spared without incurring a dead loss.

It seldom happens that the owner or occupier of the soil is unwilling to give the full value of tithes; and it very often occurs, that the owner or occupier of tithes is not willing to take a fair value in lieu of them. The exorbitant demands of the latter, that are either enforced upon the former, or continually suspended over him in prospective, render tithes fa-

tal to industry, and prevent that profitable outlay which might otherwise be made.

To hear the owners of tithes speak of them, an ill-informed person, but of good intentions, and a respecter of just rights, is apt to believe the blame rests with the occupier of the soil, never considering that the last additional portion of labour and capital either applied to, or invested in the soil, may do no more than refund the cost; and that, when one-tenth of the additional produce is taken away, a dead loss is incurred, without any compensation being left in return.

Tithe-owners are very apt to describe themselves as an insulted body of men, cheated out of their rights, and liable to encounter prejudice and unwarrantable opposition; meaning by this that they are cheated out of their rights when the occupier of the soil refrains from employing the same industry upon it which he otherwise would have done had no tithes been exacted.

Now the real value of the tithes is very seldom more than one-twelfth of the artificial produce that might be profitably raised in case the land were tithe-free, very often not more than one-twentieth; and, when rigorously exacted, in case the small tithes be covered by a *modus*, their value may sometimes shrink into the one-hundredth part of the artificial produce, which might have been profitably raised had nothing been exacted.

When once a rich grazing farm is broken up, and put under a course of convertible husbandry, a regular succession of crops, adapted to soil and local circumstances, is often indispensably necessary for continuing the land in tillage.

But, exact the tithe on land, and it may immediately force the farm out of the hands of the tillage farmer, and place it in those of the grazier, who does not find it his interest to break the surface of the soil: which is no uncommon case.

Most people seem to agree, that the least objectionable form in which the annual revenues arising from tithes could be placed, would be in the rent of land; and that they ought to be commuted for that sort of property. But the exorbitant demands and the contracted views of the tithe-owners generally render all attempts at a compromise unavailing. There is, however, a still more fatal barrier presented by the law itself, which allows no compromise without the consent of the legislature; and this great difficulty, causing considerable additional expense, completely closes up the avenues of commutation, even though the owners of the soil and of the tithes were disposed to come to an agreement.

The fault, then, lies in the legislature. First allow tithes to be commuted by reference, with the consent of the principal parties interested, the Bishop of the diocese, and the Lord Chancellor, and considerable progress would be made in a very short time, without the adoption of compulsive measures. Why should Parliament withhold their consent? It may be said, they never have. But, then, think of the expense and vexation which that consent requires. Why not allow the church, so far as it is concerned, to change the nature of the property? The chief impediment against the commutation of tithes is the attempt of adopting general measures inapplicable to the case. A perpetual fixed rent charged upon the land, and settled by reference, would secure the property of the clergy without producing any of its pernicious effects in the shape of tithes. The adoption of the new system of currency would secure the clergy against the effects of the depreciation of the value of money, and heal those continual divisions between them and their parishioners. Provided these rent charges were not made perpetual, they might be renewed every fifty or one hundred years, or any other period.

Were tithes put into a less objectionable shape, with the consent of the parties interested, it might disarm them of one half of their pernicious effects, so far as they contribute to throw land out of cultivation, and continue it in permanent pasture. Thus, suppose one-fifth of the value of grass, on land that had lain more than one year, belonged to the tithe-owner; one-tenth of the first year's grass; one-twelfth of oats; one-fifteenth of barley; and one-twentieth of the wheat crop; it might have no effect whatever in the withholding of cultivation, nor of the production of expensive crops; while the tithe-holder would have his income secured to him in a more regular and peaceable manner, without either augmenting or diminishing the real value.

Again, a contract might determine the sum per acre, to be paid annually on all grass land, which had been depastured more than one year, in case the tithes taken in kind were demanded in diminished proportions, or other kinds of produce.

This last mode of regulation, though it might prevent tithes from discouraging cultivation, would still operate in preventing the improvement of the soil by an outlay of capital. But suppose the tithe-holder should allow the owner of the land, who improved the value of the soil, a portion of his expenses, chargeable upon the tithes in the ten years succeeding, it would not only set free the creative process by which wealth is formed, but it would improve the income of all the parties

concerned, by the introduction of more perfect management of the soil. We state the above in order to illustrate the principles of tithes more clearly.

The kingdom contains a great breadth of entailed property, subject to the payment of tithes. Why might not the possessors of this sort of property be allowed to consign over to the tithe-holder in perpetuity a part of that property, as a compensation for the tithes of the remainder? Besides, were the clergy permitted to exchange their tithes for land, it might be very desirable, not only to themselves but the owners of land also, who might be desirous to assign to them a portion of their estates.

There is still another method of adjusting tithes. This species of property is chiefly the public provision made for the maintenance of the church; and no establishment can be more laudable than that which is provided for encouragement and support of piety, religion, and learning. On the demise or vacation of the incumbent, the property reverts back again into the hands of the public, or of those who have the right of appointing another incumbent. On every vacancy occurring, tithes might be adjusted in a fair and honourable manner, at a time when there was no one to make those exorbitant demands to which tithes are naturally liable from the peculiar nature of the property.

Let it be the business of the enlightened clergy of the present day, and of the British legislature, not to destroy the annual income attached to the churches, but to put it under regulations more befitting the beneficent purposes to which it is applied. Tithes, from their very nature, must naturally become more and more odious every day, because they oppress and fetter down industry. This disagreeable question cannot possibly be evaded, because it constantly imposes itself upon the industrious classes of the community, and no doubt can be entertained of its tendency to sow discord and oppression where religion, harmony, and the most firm union should exist.

On a full consideration of the subject, the clergy would act wisely in taking such steps as are calculated to wipe away that foul stain which the tithe system has imprinted upon their official character. Let them first ask the legislature for the power of commuting the tithes. Were that power granted, their hands would then be unfettered in the chief point. When they estimate also the value of tithes equal to one-tenth of the artificial produce, which would naturally be raised did no tithes exist, they certainly entertain exorbitant notions, directly opposed to the dictates of religion and human happiness.

Nothing affords a surer prospect for the final commutation of tithes, than the measures of permission sanctioned in Ireland by the legislature, the advantages of which have been felt and acknowledged by all. The beneficial results they have effected, and promise to effect, must soon extend to England, since the necessity is no less urgent in a national point of view, from the positive check they impose upon the most profitable cultivation of the soil. Indeed, nothing can be more simple and practicable in the hands of liberal-minded men than, as has been already suggested, for a large landed proprietor to make over to the tithe-owner an equitable proportion of his landed property, as a fair equivalent for the tithes of the remainder, or purchasing property equivalent in value, or any other mode of reasonable commutation.

Tithes have certainly not fostered rebellion in England, as they did in Ireland, but they have probably contributed to draw a considerable portion of the people from the Established Church to the banners of Dissenters, or to Deism. Religion is maintained more cordially in Scotland than in any part of the British Empire; and there are fewer divisions, at least in religious opinions; which may be chiefly attributed to the abolition of the tithe system.

CHAPTER IX.

ON POOR LAWS AND PUBLIC CHARITIES.

THERE is no principle in political economy generalized more extensively than that of population accommodating itself to the means of living. In the higher circles of life, indeed, considered individually, they seldom or never balance each other. But though it may not be true individually, it is certainly true as a general theory. Among the lower ranks of the people individual incomes are in general nearly balanced by expenditure. Hence population, as stated above, accommodates itself to the means of living; and in whatever shape new means can be created, it will, of course, speedily assume that form; and immediately on any peculiar mode of the means of living being withdrawn, population vanishes, and seeks support in some other way. It is upon these ge-

neral laws, of the distribution and support of population, that the harmony and happiness of the community depend. The old women, who formerly spun flax, by each working her own tread-mill, are all gone, in consequence of industry having assumed new forms and new combinations. According to similar principles, the flail has partly given way to the thrashing machine, the hand loom to the power loom, and the waggon to the canal barge. Would the great mass of people, who speculate upon the happiness of man, pay only the slightest attention to the general laws of public wealth, by which population is continually adjusting itself, according to the means of living, the great mass of these objections would be at once silenced; they would cease to illustrate in themselves the moral of the atheist and the acorn, and no longer express their childish fears about the progress of mechanical powers and the undue influence of capital. There is a self-adjusting principle constantly going on in society, correcting its inequalities, and producing an accuracy of proportions in the outline, though the intermediate fillings up may often appear very disorderly.

All the funds which produce income originate in the expenses of production. Rent is the reward paid for the permanent investment of labour in fixed capital; profit is the reward paid for the investment of labour in moveable capital, and the reward of labour is what is paid for immediate industry. The original funds of the community, therefore, arise from what is paid for production, but income expended in charities is altogether a non-productive payment, and is just as much the cause of that population which derives its means of living from it as any of the productive classes; but with this difference, they live upon the proceeds of industry, are therefore an oppression of, and discouragement to that industry, and frequently a cause of driving industry itself to seek support in an unproductive form, though as fully entitled to a livelihood as a producer, in consequence of increasing the substance from which income is derived to that amount.

If purely free labour be employed in the cultivation of land, unassisted by any charitable funds arising out of the proceeds of that land, the additional produce it brings to market will be equal to its maintenance; and it will naturally receive that maintenance in return, as a just compensation for the labour advanced to the capitalist who sets it to work. But pay ten per cent of that compensation to the labourer as a charitable contribution, population will accommodate itself to the improved means of living which these funds confer, people will be found who can afford to work for ten per cent

lower wages, and the reward of unassisted labour will fall in value accordingly, and become extinct; because the bounty of ten per cent, paid in a non-productive form, had prevented unassisted labour from gaining a livelihood. This is the real operation of the poor laws as administered in many districts of the south of England. Were, however, this bounty of ten per cent paid for all labour in equal proportions, the absurdity of the evil would naturally correct itself; but it is not paid until the labourer has reared a given number of children below a stated age, and in proportion as he has more children, the bounty granted him as a labourer is increased; he is enabled to live and support these children from a diminished reward of labour, encouraged also to marry and rear a family, and to reduce the compensation of labour paid to all young and able-bodied men to a level with his own. Still the evil would partly correct itself, if it were only a local practice, since the young men would go to those parts of the country where no bounty was given. But the payment of the whole labour of the country being regulated in this way, the able-bodied and unmarried men are compelled to work at the same low reward as those who obtain the bounty. As the labouring classes are reared by the aid of bounties, and accommodate themselves to the mode in which these bounties operate, the whole system works with admirable nicety, and the reward of labour is never equal to more than the maintenance of the labourer, though he be unmarried, in the prime of life, skilful and industrious.

Here is a species of bondage as effectual in itself, and as secure in its continuance, as that of the serfs of Russia, or the slaves of the West Indies. Yes, it is said, as scourging too, and that it is no uncommon thing to see a large farmer, or his head-servant, at a busy season of the year, storming the dwellings of industry, and, with a large cart-whip, driving out the inmates to labour,—men, women, and children,—and vociferating in their ears, “we feed you and you must work.” We sincerely hope that none of our patriots has ever been engaged in such measures of severity, and that its occurrence is everywhere extremely rare. In the county of Cumberland we certainly see nothing that has the least resemblance to a practice so revolting to the pure admirers of rational liberty; a practice which, to the disgrace of former times, we all know prevailed in the army; and which, to the honour of a British prince, whose name ought to be immortalized and enrolled among the firmest supporters of liberty, has been completely reformed. We allude to the striking of soldiers in the ranks. (Note O.)

When the poor laws have been once closely drawn around the interests of the labouring classes, it may at least be stated as a question, whether the landed interests do not imagine that these laws are advantageous to themselves, from the cheap labour they secure, and the complete thralldom in which they hold the labouring classes, who are brought within the vortex of their influence? For as the whole proceeds of labour, after allotting to each individual what is barely sufficient to maintain him, belongs to the owner or the occupier of the soil, rents and profits would appear to be enhanced, though they are not, owing to the less efficient powers of production to which every species of bond labour is uniformly liable. That the poor laws, when carried to excess, are destructive of the welfare and comfort of the labouring classes, and that a practice so revolting to the true spirit of the British constitution ought to be corrected, by gradually withdrawing that portion at least of parish relief, which is in reality the wages of labour, will hardly be denied. We hear of the slaves of the West Indies purchasing their manumission. How do these slaves obtain the money which enables them to purchase their freedom? From the encouragement which their masters give them to do overwork, by allotting them leisure time. In the districts of England, where the wages of labour are paid to married men under the denomination of parish relief, the labouring classes, reared under such a system, have neither the means, the information, nor perhaps the desire to escape from a bondage which presents one of the most strange anomalies to be found in the whole history of man—that of a body of men justifying and supporting a system which has rendered them bondmen in principle, though they retain the name of freemen; and, on the other hand, we see large sums of money paid annually as relief to the poor, which at the same time appear to be advantageous to the donors in a pecuniary point of view.

Having examined the nature of poor laws, we shall endeavour to apply political economy to other branches of public charity, and to point out what we think to be the true interests of the labouring classes. We must again go back to first principles. If man can discover any method by which he can gain a livelihood, however extraordinary and revolting to his nature, or miserable and wretched as to the comforts of life which it may afford, people are to be found who will adopt such a mode of living. Bestow your charities upon young women rolling upon the highways, with half a dozen children around them, and you will find your roads covered with them. Relieve the beggar at your door, and

you will find them become more numerous. Build the most miserable hovels in the world, no matter how damp, unhealthy, and uncomfortable, and you will find beings ready to inhabit them. You can have even your very chimney swept by a lively looking boy, whose soul seems devoid of care, contented and happy. On the streets of your towns, in the very throat of danger and bustle, you will find a poor miserable fellow mortal deliberately seated over the sale of a shilling's worth of wares. The conclusions deducible from these facts show us, that if misery can discover any mode of gaining a livelihood, it will usurp the place which a more universal desire of adequate means of living would have allotted to comfort and cleanliness. We do not infer that these miserable beings should be swept away by the besom of law; nothing of the sort; we only wish to show, that population accommodates itself to the means of subsistence. Create those means in any new form, or destroy them in an old one, and you have your new world peopled in the one case, and imperceptibly and unaccountably destroyed in the other. Every public charity, therefore, creates its own inmates, and supplants those in some other form who would otherwise have existed. Take, for instance, a thousand acres of valuable land, and dedicate it to the support of an hospital for the maintenance and education of poor children; had this one thousand acres of land been the property of a single individual, who expended the income he derived from it annually, the same number of individuals would have gained a livelihood in some other form. However gratifying and ennobling the institutions of hospitals may appear, yet the real good effected by them is greatly diminished, when we reflect that it is nothing more than population assuming an unnatural form, and that the principles of its general structure rest upon very different foundations. Nay, it sometimes happens that those very funds which go to support charitable institutions are screwed from industry itself with a merciless hand; and though we grant that a wealthy proprietor might have exercised the same power, still it shows how difficult it is to alleviate the miseries to which man is naturally liable.

It can never be argued, that to relieve indigence and misery is not meritorious, and highly worthy of a free, a liberal, and a wealthy people. But the degrees of merit attached to the various descriptions of our charitable institutions are very different. They may be divided into two classes. The one creates the class of human beings they relieve; and the other alleviates afflictions that would not have been diminished had no charitable institutions ever existed. To the first class

belong the beggar upon the streets, the improvident labourer who thoughtlessly brings a large family into the world, and those hospitals where poor children are brought up and educated for the common drudgery of life. To the second class belong those whose misfortunes in life have reduced them to beggary and indigence. The blind, the lame, the diseased, the aged, and the infirm, who are not possessed of funds adequate to their support, also belong to this class; and in seasons of dearth and of public and private calamity, the relief of misery and want creates no new beings to share a similar fate.

Hospitals and other establishments, for the cure and maintenance of the diseased, are truly noble institutions. No eulogium can be passed upon them which exceeds their merits. Again, to support the aged, the infirm, and the indigent, is deserving of every praise which can be bestowed, as well as the relief of industry in seasons of dearth, or of any other calamity; but to relieve a man because he happens to have a large family, for which he has scarcely ever made the least attempt to provide for beforehand, is to give a bounty to improvidence, and to the supplying of the market with a surplus of labour, for the purpose of enforcing its cheapness, and the universal degradation of the labouring classes. Here the conclusions to be drawn are so self-evident, as to require no further illustration, and we shall proceed to take a more general view of our poor laws.

When they were instituted in the reign of Queen Elizabeth, their object was most assuredly to relieve the indigent, the aged, and the infirm only; and until our own days this appears to have been the spirit and practice of our poor laws. But about the breaking out of the French revolution, the poor became clamorous, and they demanded that as a right which was originally considered as a boon. The dearth of corn in the years 1795, 1796, 1799, 1800, and 1801, which were five dear years out of seven, together with the circumstances just noticed, destroyed all just bounds of parochial relief. The overseers of the poor, if they were men of inexperience, were easily duped by profligacy; and if they were experienced in parish affairs, they were soon overawed by turbulence and duplicity.

The same species of artillery which the paupers played off with so much effect upon parish officers, was directed against the magistracy with no less success, until, by continued and reiterated assaults, they demolished every opposition which was brought against them. Mr. Malthus's highly valuable work on population made its appearance; the evil had be-

come alarming, and men's minds were suddenly directed to a subject which had become truly important. Amidst a thousand absurd and useless suggestions, Mr. Stourges Bourne's select vestry bill was passed into a law almost unobserved by the public. This bill altered the whole spirit of our poor laws. According to the provisions of this bill, where adopted, the overseers of the poor became the organ of a pretty numerous and respectable body of men in vestry assembled. In short, it was a body of men who held in their hands all the powers of office, without presenting to the public any specific head. Intrusted with official power, they exercised that power with unshaken firmness; and at once brought parish affairs under a regular train of management and of thorough investigation, and the paupers to something like reasonable terms. But they reversed the whole order of parochial relief. In the hands of a new set of persons, who had arisen out of circumstances, (men who contracted for the relief of the poor,) the aged and infirm paupers, owing to their inability or worthiness, were the most hardly dealt with; while the profligate were generally more successful. The select vestries, being composed of a body of respectable men, with powers somewhat more enlarged, were, on the contrary, kind to age, infirmity, and indigence, while they offered the most unshaken resistance to duplicity, improvidence, and indolence; and that which only a few years ago was demanded as a right is now asked for as a boon. The magistracy, finding themselves relieved from the intolerance of the paupers, now assumed a dispassionate view of the various complaints brought before them; and having to deal with a highly respectable body of men, they seldom find their interference necessary. Thus, the whole spirit of our poor laws has been completely altered, in the northern counties at least, while it points out the true mode of correcting the errors of those laws, namely, by reposing more discretionary powers in the hands of the magistracy and of the select vestries; and by refusing parochial assistance in all cases which could be fairly construed to be the wages of labour.

The highest interest of the labouring classes in general, is that of maintaining the respectability of their station; and thereby preventing wretchedness and misery from underselling competency and comfort in the market of labour. One great step towards this desirable end, would be to diminish in our towns those sinks of filth and comfortlessness which are to be found in too many dwellings, and cause the streets to be properly cleaned, the houses to be freed from dampness, the walls duly white-washed; and to make landlords re-

sponsible for the due performance of a part at least. There is not at this moment a single town of any consequence in the kingdom, which does not contain inhabited dwelling-houses which many farmers would deem unfit for farm offices. If the magistracy of a town be allowed to order a house to be pulled down in consequence of its insecurity, why not compel its owner to keep it in a repair adapted to the residence of man? To encourage misery to creep into many of those comfortless places, is to engender wretchedness, and to empower them to sell their labours lower than comfort and cleanliness can afford.

Nothing can illustrate the truth of these remarks more fully than what is reported of the present state of Ireland, where, even in the very vicinity of the most splendid city of the United Kingdom, whose public buildings attract the attention of all travellers, vaults the most miserable, and cabins the most deplorable, abound. The result naturally following from such scenes of misery is, a uniform habit of the various sons of poverty frequenting those places which are most congenial to their distress. The degradation of character thus produced is indescribable, and the raggedness of the inmates of such scenes of destitution surpasses the conceptions of the most vigorous imagination. Nor are such scenes of misery diminishing; they increase with the deterioration of the moral habits and feelings of the people, while the opulent inhabitants too often overlook such sinks of wretchedness. In many parts of Wicklow, however, neatness and cleanliness are found to characterize the dwellings of the peasantry, who display a kindness, civility, and good manners, which are fully equal to those either of England or Scotland. The misery of the lower classes of the Irish must be removed therefore, by extending the sphere of their education; by gradually lessening the religious and political prejudices and party spirit which prevail; and by the extension of those societies, and the renewed efforts of individuals, that have been so laudably active in promoting the comforts, alleviating the wants, and improving the INTERNAL and EXTERNAL appearances of the cabins and their tenants. But establish poor laws in Ireland, and the ruin of a country, already sunk in that poverty which small farms create, must soon attain its very greatest pitch. The fawning servility which has long degraded the lower classes, will soon be combined with the most insufferable arrogance, demanding parochial aid, while the increased number of absentees, flying from such a pest of improvidence, and such a scene of vice and distress, will seek in foreign countries for that enjoyment which is denied them in the

Emerald Isle. The ennobling sympathies of private and public benevolence, and Christianity, may effect much in promoting the improvement of Ireland; but the establishment of poor laws in any form, could only heighten a picture of misery which no feeling mind can contemplate without horror.

In closing this head of our inquiry, it is right to remark that a bounty given to friendly societies established in the United Kingdom, might effect a great deal of good, since it would not only leave those societies to the management of their own funds, but would provide that treasure, of which the want and possession have been equally fatal to their permanent welfare. One per cent granted upon all income drawn from the public funds, would be amply sufficient to accomplish an immense deal of good. Friendly societies, of all other modes of alleviating distress, are the least objectionable. They do not destroy independence, nay, on the other hand, they cherish it; nor do they create generations of miserable beings, while they give confidence to industry. They are worthy of the warmest encouragement from all the various ranks of the people; but ought never to become compulsory.

CHAPTER X.

THE APPLICATION OF POLITICAL ECONOMY TO PRACTICAL AGRICULTURE.

SECTION I.

In what way Political Economy is applicable to practical Farming.

UNDER whatever form we place our inquiries into the principles of national wealth, we find it intimately connected with the cultivation of the soil. And, if we draw our inquiries into a more precise and condensed form, we shall disco-

ver that every judicious farmer applies the principles of political economy according to their practical utility. It is therefore difficult to become a sound political economist, without being intimately acquainted with practical farming, and every good farmer must be practically versed in political economy before he can expect to be a successful farmer. It is true, the practical farmer does not view his business under that name, nor does he even view it as a classification of receipts and expenditure, for his knowledge, being chiefly drawn from observation and experience, is purely practical. But as that experience involves the profitable cultivation of the ground, which depends upon the distribution of its produce, farming and political economy are naturally connected with each other.

Had Dr. Adam Smith, Mr. Malthus, Sir George Shuckburgh, Mr. Ricardo, Dr. Copleston, and Mr. Barton, been only mere tyros in practical farming, they must have been able at once to detect the glaring absurdities into which they have fallen. Dr. Smith gives us the prices of wheat as handed down by Bishop Fleetwood. Mr. Malthus says, upon what he accepts as credible authority, that a farm labourer could purchase 91.1 quarts of wheat with his weekly wages, in the year 1495, and only 34.2 quarts per week, of the same grain in the year 1598. In the thirty-two years ended with 1444, he says a farm labourer could purchase 43.1 quarts of wheat with his weekly wages; while, on an average of the fifty-six years which followed, he could obtain 96 quarts of wheat in the same time. Sir George Shuckburgh, Dr. Copleston, and Mr. Barton, fall into errors of a like description; but Mr. Ricardo assigns all the produce of the ground to three classes of the community, landlords, farmers, and labourers, without ever once considering that, on tilled land, seed and horse provender ought to be first deducted. An appeal to practical farming would at once have enabled them to avoid these several errors.

The same combinations of receipt and expenditure, which would have set the theories of political economists to rights, point out to the practical farmer the method to enrich himself by his business, and also show to the landlord the advantage of capital judiciously applied to the improvement of his land.

It has often been remarked of books written on farming, which are chiefly the works of mere literary men, that, being of very little practical utility, they sink more in value than almost any other class of books, and have fewer readers.

This is owing to these writers often knowing very little of farming but in detached parts. Hence they describe a number of processes, expedients, and plausible theories, which will not stand the test of experience, being inapplicable to practical farming.

SECTION II.

On the Creative Process by which Profitable Farming is extended.

IN chapter the fifth, part the first, the principles of rent have been investigated. If the reader will take the trouble of again examining the different bearings on the subject of rent, he will find that it in a great measure proceeds from the gradual investment of capital in the soil, which continually unfolds its processes so long as a demand for the surplus labour is able to augment its productive powers applied to agricultural purposes, or so long as a new capital invested in the soil is capable of returning expenses, together with profits.

In substance, Mr. Ricardo has contended, that rent rises in proportion as the advance of population demands the cultivation of worse soils, and on which there is an increased difficulty of raising subsistence. According to this doctrine, the condition of the labouring classes naturally becomes worse and worse in proportion as rent rises, and as cultivation is applied to inferior soils.

To this doctrine the author of this essay opposes the creative process according to which rent is augmented, and population multiplied, without rendering the condition of the labouring classes any worse in proportion as rent advances.

Rent, it has been contended, rises in proportion to additional powers of productive labour. The powers of this labour become more efficient in one of two ways: viz. either by the more abundant application of capital, or by the application of greater industry and more effective implements. The multiplication of the produce of the soil by these two distinct modes of power is very different. Capital mostly improves the natural produce almost equally with that which is raised by artificial means, and often causes land to pass from tillage to pasture; whereas, when the power of labour immediately employed in tillage is of itself more efficient, it has a tendency directly contrary to that which is acquired through the medium of capital imbedded in the soil, and draws land more into tillage. Suppose a cheap implement

could be invented, which increased the powers of labour, such implement would not only have the effect of raising rent, but would draw land into a more extensive course of convertible husbandry, and produce a considerable increase of population. But as the latter of these powers is more difficult to acquire than the former, capital has hitherto prevailed over implements, industry, and skill, and kept land as extensively as formerly in a state of permanent pasturage.

Besides, the manufacturer and trader, being people who often accumulate new capital with infinitely greater rapidity than the landed interest, frequently withdraw it from the direction in which it has been acquired by the sacrifice of great risk, attention, and toil, and turn it to the possession of land, its cultivation, and improvement, which can be conducted more at their ease, and with less anxiety, though with less profit to the owner of the capital so converted from trade to land.

If we could trace the progress of agriculture from the time when the first child was born in Great Britain, to the present hour, we perhaps should be unable to prove that the circumstances of the labouring classes now, are not worse than they have ever formerly been; or, in other words, that those persons who gain a livelihood as farm labourers, are as able to purchase the necessaries and comforts of life now as at any former period. We mean that they are as comfortably clothed, lodged, and fed, as in former days.

Close attention to the gradations by which the creative process sets free the productive powers of the soil, by the application of capital, and the more effectual powers of individual labour, without circumscribing the comforts of the labouring classes, explains the nature of this proposition. For population has always had sufficient time to exert its powers, and keep pace with the means of subsistence; and, as a consequence, it may be presumed it has always done so. Rent, therefore, is the result of that creative process by which a new capital is invested in the soil, and unfolds new stores of wealth, without pressing more severely upon the means of subsistence.

The creative process is that combination of active causes which tends to invest more capital in the cultivation of the soil, and to set free its productive powers.

This process is necessarily the work of time, and continually unfolds itself as long as a demand for labour can be kept up sufficiently to stimulate the productive powers of individual industry. In this way the wealth of states is carried forward in a continual train of gradations, which ac-

quires new powers of action in proportion as their development proceeds.

The limited amount of income among hunters, leaves them few funds to invest in the improvement of the soil. They at length, however, acquire herds, and as they have more time to till the ground, the creative process in time develops itself in producing cultivation, and a settled mode of life.

But it is not until that stage of civilization arrives, in which men resort to fixed habitations, and the right of soil and produce is acknowledged to belong to him who possesses it, or holds the ownership of it, that the creative process is carried forwards; and, even then, its march is necessarily slow and gradual.

To cut down the forest, acquire a stock of implements proper for tillage, build farming conveniences, erect hedges, make roads, and drain the land of stagnant water, added to an imperfect division of labour, render the first stages of the creative process often extremely slow.

It is not until the fourth stage commences, the establishment of foreign commerce, that the division and co-operation of labour begin to take effect, and the rapid development of wealth to show itself, in conformity to a greater command acquired over capital, and more facility in the making of a new investment of it in the cultivation of land.

When once the surplus produce of land has become very abundant, it is much easier, not only to spend the income of it in luxuries, but to make additional investments in the soil. Thus, more complete farm buildings are erected, the hedges become more efficient, the land is better cleaned, drained, and more liberally manured; hence the surplus funds are more abundant, and it becomes much easier to make additional investments of capital, as the funds that can be appropriated to that purpose are more extended.

Rent, then, is augmented as the creative process is impelled forwards by the increase of population, and the means of making additional investments of capital in the soil. The augmentation of rent is not, therefore, the result of the cultivation of inferior land, and of a greater pressure brought upon the labouring classes, but it is the result of a more liberal investment of capital, and of greater skill and industry. However plausible the theory of Mr. Ricardo may be, it is completely at variance with the evidence of facts, as exhibited by the table formed from the data collected by Mr. Malthus, commencing at the year 1598.

To place the creative process in another point of view, a new demand for farm produce is generated by a greater and

more wealthy population. Consumption has thus a tendency to increase the demand for industry, and a portion of the surplus funds is applied to the creation of new powers of production, to provide for this new consumption. For though consumption may have a continual tendency to encroach upon industry, the additional powers acquired from an enlargement of rent and profits set the creative process free, and impel national wealth forwards along with it, not by the cultivation of inferior land, but by the development of industry and capital, drawn from surplus funds continually augmented, and continually producing a more perfect division of labour and more extensive co-operation.

It is true, the creative process brings inferior soils under cultivation; and, as a common consequence, augments the rental. This augmentation of rent is not made at the expense of the labouring classes, but it is the result of capital, skill, and industry.

First, Capital produces better roads, more efficient implements, and every other requisite of a farm.

2dly, Skill suggests a more perfect rotation of crops, more productive grain and gramineous plants, improved methods of industry, and more valuable varieties of live stock.

3dly, Industry, having acquired new powers, is encouraged to greater exertions by the proffered reward held out to it by a continually augmented demand which stimulates to exertion, and the gradual development of capital.

4thly, Population, ever ready to exert itself, when provided with more ample funds, fills up the requisites of the process, and keeps it moving on from age to age with unabated energy, not by the difficulty of raising an additional supply of farm produce becoming greater and greater, but by that difficulty becoming less and less, in proportion as capital and skill advance. Unquestionably there is a point at which this development must necessarily slacken its pace, and finally stand still. But I should suppose that Great Britain is not likely to arrive at that point in the next two centuries, even under the influence of continued prosperity.

Let it not be supposed that any anti-commercial scheme can accelerate the prosperity of agriculture. For the creative process is uniformly impelled forwards by that demand for industry and capital which agriculture has no power to produce and sustain of itself.

The oppressive systems of corn laws, instead of causing capital and population to develop their powers upon British soil, cause them to exert their powers in every other quarter of the globe, in Botany Bay, at the Cape of Good

Hope, in the immense chain of the back settlements of America, &c.

This brings us to the examination of those causes which have carried the English language into almost every known country on the habitable globe.

When the surplus revenues of a country have become very abundant, that is, those revenues of which the annual expenditure is merely optional, they have a tendency to augment themselves in every direction. They not only impel forwards the creative process at home, but they extend it to the remotest corners of the earth. Even the rapid development of capital in the back settlements of North America, is in a great measure owing to the erroneous measures the British Government has adopted in commerce. Nor has the astonishing increase of the English language in America, within the last century, been more indebted to the creative process generated in that country, than to its continual advancement, made from the investment of British capital.

America has not as yet acquired that general fertility of soil and extent of capital, that alone could give her those surplus funds with which her investments are made. But the united kingdom of Great Britain possessing them, the advance is partly made by her, and the creative process is thus carried from her happy shores to the remotest corners of that extended continent, as well as to many other quarters of the globe.

We, therefore, see the extraordinary effects resulting from the acquirement of an abundant supply of revenue. Even Great Britain herself, in former times, has been in no slight degree indebted to the same development of capital operating upon her from other parts of the Roman empire. But the policy of Rome was very different from that which has guided the councils of Britain. The Romans took away, without remuneration, whatever they could lay their hands on, leaving only what they could not remove. The British offer a fair exchange for every thing they receive, and generally much more. The former acquired their wealth by rapine; the latter by industry.

While the surplus income of a country is very limited, its population and capital must necessarily be the same. It is only when this income has become abundant, that new investments can be extensively made. To illustrate this proposition by experimental evidence; a bill was passed, for the Inclosure of Wigton Common, in May 1811. Its extent was about 3500 acres, the greater portion of it inferior land. Within three years, a capital of at least L.10 per acre, or

L.35,000 was advanced upon this land, while scarcely any returns had been made. Thus at once nearly the whole of this plot of ground was brought into cultivation, by an advance of capital to which it contributed scarcely any thing.

It is obvious that this advance was made from a surplus of income existing in some other quarter; and that had the proprietors of this land been unable to command any funds but those which arose from the produce of this plot of waste land, although they had enjoyed the full command of a market for their produce, yet many years must have elapsed before the necessary capital could have been advanced. But had it been necessary to form an adequate market, by the augmentation of population, and had a capital stock been also required, that which was done in three years by the aid of a capital stock already existing, and a market ready furnished, might not have been accomplished in three centuries, and yet this land became immediately productive of ample rents.

But as this plot of waste ground was in the neighbourhood of land yielding a surplus income sufficient to raise an immediate capital for its cultivation, the new investment was made from the surplus income already acquired by the creative process; and operated as a sort of loan made by the one to the other. But as the capital stock, thus rapidly created, was soon in a condition to repay the loan, it not only began to furnish funds for its own good management, but also yielded surplus funds applicable to the creation of wealth in some other quarter.

It would then appear that Mr. Ricardo's theory does not apply practically, and that it is the creative process of wealth, accumulated upon principles of compound interest, which draws the inferior land (of which Mr. Ricardo speaks) into cultivation and good management. When this process of accumulation is carried on in one country by the aid of capital acquired in another, the substantial capital itself may be removed. But this only exhibits the indirect manner in which the surplus funds operate. Suppose a farmer were to remove the whole of his farming stock, consisting of cattle and implements of husbandry, from this country to the back settlements of North America, the labour which the annual funds derived from disposable income at home could command, would immediately create a new capital in the place of that taken away, and thus produce a forced consumption of the annual funds created in the wealthy country.

Suppose an English farmer so emigrating, instead of taking his capital along with him in the shape of cattle, implements, &c. were to dispose of it at home, and thus convert it

into bullion or negotiable bills; with this money he would form a new capital stock in America, and this capital stock would be created by American labour, set to work by the money taken from England, which money would have a strong tendency to force its way back again to England in return for merchandise exported to America in the shape of manufactures, for which nothing else would be given in exchange but the money so returned.

This would have a strong tendency to lower the value of farming stock in Great Britain, and enhance the value of manufactures; because the new capital created in America would be drawn from the manufacturing industry of England, and not from that of farming, as the farming capital at home would be thrown upon the market, and its proceeds would eventually make its way into the hands of manufacturing industry.

We therefore see the amazing powers of energy with which the aggregate funds of a wealthy country are endowed; for, though the capital stock of England may be indirectly transmitted to foreign countries, yet the actual substance so sent abroad, is not the work-tools of industry required at home, nor the solid capital it is possessed of, but it is drawn from the annual proceeds of capital, which necessarily accumulates in proportion as more of those proceeds are demanded; and, therefore, foreign investments and annual expenditure conduce to the demand for labour, and an accumulation of capital, to supply the greater amount of exports thereby occasioned.

1st, A portion of these funds is consumed in labour to provide for the annual necessities of the inhabitants.

2dly, Another portion is annually consumed in labour, in the procurement and fabrication of the superfluities of life.

3dly, A portion of them goes to the creation of new capital, either to provide for the demands of an augmented population, or for the new artificial demands which luxury presents.

4thly, The remaining portion is continually developing itself in new investments at home and abroad, either in colonization, or among the inhabitants of independent states.

Granting the truth of Mr. Colquhoun's estimates in 1812, the inhabitants of the United Kingdom, in these four ways, created an annual consumption of the 430 millions of annual income, assigned to them from the sources of the wages of labour, rent, and the profits of capital.

Were it not for the rapid means by which a great disposable income is annually expended in these four ways of consumption, the creative process would stand still, or might

begin to retrograde; for it must be remembered that all income is derived from that which has been consumed in some other quarter, and thus becomes the acquired income of those who furnished the articles consumed.

Even the consumption of annual income abroad, drawn from funds created at home, is again produced at home by the demand for labour which is occasioned by supplying that which sends nothing back in return. For though the consumer may reside in a foreign land, and lay out his money in the direct purchase of foreign industry, the foreigner indirectly has no other means of obtaining the real advance of substance in exchange for the money he receives for the direct advance he makes, as money is only the representative of value, and not the real substance of it, than by laying this money out again in the industry of that country from whence the money income was drawn.

Thus, my Lord A, finding corn cheaper in France than in England, draws his L.30,000 a year, in bills of exchange, from the rents of his estate at home, and makes the direct outlay in French commodities. But the people of France, before these bills can be of any advantage to them, must lay them out in the manufactured industry of England, for these bills are nothing but pieces of paper until something substantial is received in exchange for them, and are, in truth, the medium through which these indirect transactions are effected.

Thus, when corn laws, by enhancing the price of grain at home, influence a portion of the wealthy inhabitants of Great Britain to reside in foreign lands, they cause that income to be spent wholly in British manufactures, instead of its being laid out in the general production of the country at home.

The real train of business would seem to be, that the farmer sells the produce of his land to the manufacturer; with the money so obtained he transmits his rent abroad: that money is laid out in the consumption of foreign commodities; and those who receive it lay it out again in the industry of that country from whence it was originally drawn.

Therefore, the whole affair amounts to this; though the British legislature will not permit the manufacturer to bring corn directly from abroad for his own subsistence, yet he contrives to obtain it through the medium of those who go to the cheap corn, instead of bringing the cheap corn to the manufacturer at home.

In the distribution of population it causes each country to have a population precisely equal to that which they feed; and forces the channels of foreign commerce and industry into a more unnatural and obstructed course.

When once the creative process has generated a great mass of disposable income, it tends to force its way in every direction, to open new sources of income at home, to enable a portion of the inhabitants to examine the manners and customs of foreign states, to gain a knowledge of them by actual residence, and to bring home every species of art and knowledge which is likely to promote public utility.

Again, the demands of skilled industry, distributing themselves, by means of these non-resident people, over the surface of the habitable globe, continually encroaching upon the comparative number of hands employed in agriculture, render their individual labours more productive; and thus more completely set free the creative process, until every acre of land may in time be cultivated and enriched like a garden.

The corn laws, however, may probably, in a few years, have a more pernicious tendency than at present. In proportion as the wages of farm labourers get nearer to an equal reward with those of export industry, the price of farm produce in England will fall nearer to the level of other countries, the non-residents will return, and, along with their return, a diminution in the exports of manufacturing industry may be expected to occur.

The augmentation of non-residents, by the operation of corn laws, has a pernicious tendency in throwing the fine arts, and many other sorts of skilled industry, into the hands of foreigners, which would naturally remain in England. Besides, all the reproduction of income which belongs to any given population is wholly removed, instead of being kept at home by the natural importation of foreign grain. For it would be absurd to suppose that, were population extended by the importation of foreign grain, the same advantages only would be derived as come through the medium of wealthy people who reside abroad.

The general rate of the profits of farming, and the actual rate of profits obtained by particular individuals, are frequently very different.

1st, The landlord's rent, which the farmer has engaged to pay, may be either excessive, or it may be below that proportion of the gross produce which naturally goes to rent.

2d, Private expenses may vary considerably.

3d, The farmer may be too expensive in the keep of his horses.

4th, His servants may be extravagantly paid, indolent in their habits, and their labour ill arranged.

5th, The purchases and sales which it is requisite the farmer should make may be injudiciously made.

6th, He may not adopt the most profitable course of cropping.

7th, The stock of cattle may vary considerably in the returns, in proportion to the food consumed.

The tenant-farmer, having to struggle against the pressure of payments which come against him from various quarters, and which have a strong tendency to contract his profits, or involve him in ruin, seldom finds himself seated on a bed of roses, on which he may contentedly loll, and survey the passing scene at his ease. He can only expect to farm successfully by uniting great exertions with economy and skill; and his prosperity in a great measure depends upon diminishing the amount of payments that come against him, and by augmenting the amount of profitable produce.

Some men are vain enough to suppose that almost any person may make a good farmer, and are often imprudent enough to try the experiment. They are then undeceived; but they rarely attribute their unsuccessful efforts to the right cause, their own want of knowledge and capacity in the conducting of a business that requires great experience, exertion, and skill.

In the examination of the preceding seven heads of rural economy, it is proposed to place experience and industry on one side of the account, and inexperience and indolence on the opposite. We suppose that the value of the money unit remained invariably the same, after the rate of wheat at 80s. per quarter.

1st, Suppose, then, we adopt the standard farm of 100 acres, already stated in this work, on a lease of twenty-one years, as the basis of the following estimate. The rental of the farm, including the whole of the unproductive payments, is taken at L.161 a year. Probably enough, an inexperienced farmer might take such a farm at a rent which made these payments amount to only L.151, while an inexperienced person might contract to pay annually, under the same head, L.171 a year.

2dly, Some people have estimated upon farming affairs, as if the private expenses of the maintenance of the farmer's family, unconnected with the management of the farm, form a component part of the charges which come against the concern. This is inaccurate; every man is bound to maintain his family, whether he follows any profitable employment or

not; and it does not follow that the private expenses of a family are necessarily more in consequence of being embarked in farming pursuits. We will suppose, that the L. 60 a year, profits of stock, goes to this private maintenance of the family; and that the one makes L. 50 a year serve, while the other lives at the rate of L. 70 a year.

3dly, Instead of the one maintaining his horses after the rate of L. 81 a year, another farmer may probably do the same thing for L. 71 a year, while it frequently happens that they may cost L. 100; for in nothing is there a more serious difference than in the management of horses. Besides being a most expensive implement, their labour ought to be applied to the greatest advantage and profit.

4thly, In the one case, we shall suppose the farmer and his family are industrious, and save by their own labour L. 45 a year out of the L. 118, allotted to labour, wear and tear, and have the remaining portion of those expenses performed L. 10 below the cost assigned; while the injudicious farmer and his family perform labour worth only L. 10 annually, and pay L. 10 a year extra for the remainder.

5thly, Under this head, we will suppose that, by making more judicious bargains, there is a difference of L. 20 a year; the one being L. 10 a year on the right side of the account, and the other L. 10 on the wrong side.

6thly, The one being an enterprising man, looking to the real advantages of his farm, adopts a more profitable rotation of crops; and, being managed with great skill and attention, they are much more productive in proportion to the cost of cultivation. Under this head, we will suppose that the judicious farmer gains L. 20 a year above the estimate we have made; and that the other falls L. 20 a year short.

7thly, Suppose a skilful farmer, on taking full advantage of the most profitable management of his farm, makes ample provisions for the management of a good stock of cattle, and that L. 200 worth of produce is annually consumed by his stock of cows, which being more productive in beef and milk than the average stocks of the country, leave a gross produce annually of L. 220; while the stock of cattle of the injudicious farmer, being an inferior race of animals, and inattentively served with food in winter, returns L. 20 less than it ought to do.

We shall now be able to take a comparative view between an industrious and skilful farmer, and an indolent and inexperienced one.

Annual Gains of the skilful Farmer under the Seven preceding Heads.				Annual Losses of an indolent and inexperienced Farmer under the Seven preceding Heads.			
		Gain per Acre.				Loss per Acre.	
Head the First	.	L.10	0 0	Head the First	.	L.10	0 0
— the Second	.	10	0 0	— the Second	.	10	0 0
— the Third	.	10	0 0	— the Third	.	19	0 0
— the Fourth	.	45	0 0	— the Fourth	.	0	0 0
— the Fifth	.	10	0 0	— the Fifth	.	10	0 0
— the Sixth	.	20	0 0	— the Sixth	.	20	0 0
— the Seventh	.	20	0 0	— the Seventh	.	20	0 0
<hr/>				<hr/>			
Annual gain	.	L.125	0 0			L.89	0 0
Loss on the opposite side	}	L.89	0 0	Balance	.	125	0 0
<hr/>				<hr/>			
Difference	.	L.214	0 0	Total annual loss by bad management	}	L.214	0 0

Then, $L.214 \times 21 = L.4494$, makes that sum the difference between good and bad management on a lease of twenty-one years, setting aside interest of money. In case they both began with a clear capital, equal to the stocking of their respective farms, the one would have realised a clear sum of L.2625, while the other would be L.1869 worse than when he started.

On the application of political economy to practical farming, the glowing theories of the closet speculator fall to the dust. He may put down in figures an amazing increase of produce, arising from a more productive mode of management; but, unfortunately, the cost of cultivation rises in proportion, and all his wonderful gains may be more than swept away in the execution. The actual profits of the farmer arise from industry, economy, and skill, properly applied to a number of minute, and apparently trifling objects.

In truth, he ought to work up every little product to the greatest advantage, and if possible turn it into profits. From this circumstance the farmer may frequently find it advisable to undertake new affairs, not so much for the purpose of deriving an immediate advantage, as of enhancing the profits of what he might otherwise lose, or suffer to go to waste. For instance, the tillage farmer may frequently find it convenient and profitable to take a grazing pasture, in order to provide more completely for his stock of breeding cattle, and to keep up their condition at a time when he could not do so upon his tillage farm; and though the immediate returns of this additional farm returned no immediate profits, he might find his advantage indirectly. On the other hand, the grazing farmer

might find it advisable to take a tillage farm in addition, in order to find profitable employment for the servants and horses he requires. Farming may really be termed an affair of saving a number of candle ends, and working them up into profits in the most advantageous way. In the cultivation of 100 acres of land, only 12.39 per cent has been assigned as the natural share of the tenant farmer, which shows very clearly the necessity of pursuing a life of great industry and economy, along with sound judgment.

In the walks of real life, it is no uncommon thing to see the tenant farmer living as expensively as the owner and occupier of an adjoining farm equally as extensive and valuable. An examination of the estimates just given, on comparing the difference between good and bad management, proves that such a circumstance is no way surprising.

Were the latter, who is both owner and occupier, to live precisely at the same rate of expense as the former, who paid in rent, or unproductive charges, L.151 per annum for his 100 acres of land, as the owner would have to pay parochial assessments as well as the other, he would save considerably less money than the tenant farmer.

Nor is it any way-extraordinary that mere farming speculators should seldom do well. They commence upon a general scheme of great returns, and are apt to represent practical farmers as a body of clodpolls, who are unable to understand the principles of their business. They appear never once to suspect, that profitable farming can have any thing to do with a number of trifling affairs, and that it involves a train of abstract reasoning, which can be acquired only by long continued attention and experience, of which these theorists are very ignorant.

Probably enough, having repeatedly amused themselves with book calculations, they become enamoured of paper schemes, and embark in actual farming: but the moment they have entered upon a real farming concern, they soon find that all their books are worse than useless, as they teach them nothing on the art of rural economy; and it turns out, that the greatest portion of the profits can be obtained only by an intimate acquaintance with an art with which they are but indifferently acquainted.

Books, without experience, can never produce skilful farmers. The light of science is certainly applicable to farming pursuits. Indeed, no one can be very successful without having stored up a considerable portion of knowledge acquired either directly or indirectly, from that light. Mere theorists, though seldom benefited themselves by farm-

ing, are often productive of much good. The practical man, on viewing what they have done with the eye of experience, frequently turns what has been ill managed in the hands of inexperience to great advantage.

Theorists, however, have seldom been the discoverers of much useful knowledge. They are useful only in disseminating it. The time of a practical farmer is generally too much occupied with the executive departments of a farm, to have had suitable opportunities of acquiring information from a distance.

Every successful farmer must necessarily be able to apply political economy, practically, to the various expenditure connected with a farm. Upon the judgment and industry of that application, at least one half of his prosperity depends. In short, the several items of the annual payments a farmer has to make, may be rendered equally effective in the hands of industry and skill, though the amount of these items is considerably diminished. The profits of farming pursuits, as they depend upon setting to work profitable labour, and on the profitable investment of capital, so a judicious and economical expenditure is indispensably requisite, and at least one of the main sources from which success and the power of paying rent can arise.

Nor is the classification of the distinct heads of expenditure without its advantages. It points out, by the aid of a regular and easy detail, the various departments in which a profitable outlay may be extended; and suggests numerous methods by which the more effective powers of individual labour may be developed, a larger capital successfully invested, and pasturage land turned to profitable tillage. Few objects of inquiry appear better calculated to instruct and please the friends of the British empire, than a correct and faithful detail of the various modes by which rural economy has contributed to the improvement of its agriculture. Such a detail by no means comes within the scope of the present work. Nor does it propose to unfold those practical methods which promise to secure a progressive continuance of that prosperity, whose meridian splendour, if encouraged by a line of policy wisely framed, seems yet remote; and which can be hastened only by the joint co-operation of every class of society.

What is now proposed, is the development of that range of combinations and relations by which the creative process is set free, by those general laws that contribute to promote agricultural knowledge and rural economy. A passing glance

may not be unentertaining to the agricultural reader, in so far as regards the general principles of that delightful science.

The main difficulty in the way of a good treatise on practical agriculture, and of the extension of agricultural knowledge, arises from the very nature of a subject which has not yet attained that accuracy of scientific demonstration, and whose general principles require to be so continually modified by particular circumstances and local causes. None, therefore, can expect to succeed, either as a writer, or a practical farmer, who has not gained information by a very extensive share of practical experience.

That no farmer can expect success without close attention to cleanliness, the raising of manure, draining, and a correct rotation of crops, united with a just adaptation of food to the wants of the cattle supported upon his farm, are principles every tyro in husbandry admits and appreciates. It is equally apparent, that, without great rural economy, even the most skilful application of those principles cannot save the farmer from ruin.

To be able to change with success from an upland to a champaigne district,—from the sands of Norfolk to the fens of Cambridge, requires the observation gained only by travel, the talents, the experience and the good sense of a Dawson, a Culley, and a Brodie. Nor is this all, he must unite a felicity of tact in the purchase of cattle, or of the rearing of them, which nothing but a skilful teacher, long continued experience, and great personal attention can acquire; and, without which, no husbandman has a claim to a niche in the temple of fame.

What was it that secured to our great northern instructor in agriculture, the late Mr. George Culley, that eminence he deservedly possessed, but an intimate acquaintance with the immortal Bakewell—his frequent and lengthened tours with that distinguished breeder of live stock—his intimacy with Dawson—and his own accurate observations during the many journies he found it necessary to undertake, for the purpose of increasing that knowledge, by which he not only realised a large fortune, but set an example around him, which has contributed largely to advance the agriculture of Northumberland to its present state of eminence?

It is well known that the ancient philosophers were never satisfied until they had gained the instruction of the most eminent tutors in remote and distant countries. This applies with equal justice to the agriculturist. From the instruction of a Bakewell we possessed a Culley, and to the

information he gained from these two eminent individuals, Mr. Charles Colling has been in a great measure indebted for that acquaintance with the principles of breeding cattle, by which he has raised the Ketton short-horned breed of cattle to their deserved pre-eminence.

“The name of Colling, like that of Bakewell,” says Major Rudd, “will live for ever in the history of British agriculture.” He has further observed, “the short-horned cattle improved by Mr. Charles Colling, have risen in public estimation so rapidly, and to such a height, that his bull, Comet, was sold by auction for one thousand guineas,—a circumstance unparalleled in the history of any country.”

This circumstance fully proves the necessity of a regular education in farming, conducted with all that care, attention, and labour, which have secured to literary characters their relative advancement. No nation, no country, no district, has ever attained any great celebrity for its farmers, without distinguished original talents, accurate and judicious imitation, aided by the most approved methods of other districts, and an attentive and laborious practice.

Nor is this all;—the most superficial observer must feel perfectly satisfied that Great Britain has not possessed many farmers who have had the advantages already described; and that their utmost exertions must have proved unavailing, had their labours not been thrown upon an era favourable to their success; an era in which the creative influence of foreign commerce, the amazing force of capital, and the blessing of the British constitution, have equally contributed to facilitate the development of agricultural knowledge and of national wealth.

The free and unrestrained march of agricultural improvement, and the new investment of capital in the soil, cannot be continued without great local as well as favourable political advantages, though it be the latter which gradually loosens and sets free the creative process. The very character of individual farms in general, necessarily precludes a rapid extension of agricultural improvement. It must appear evident to every one, that a farm perfectly adapted to the economy of labour, ought to have a proper admixture of rich meadow, pasture, and tillage land; added to the facilities of good roads, near markets, and the cheap procurement of adventitious manures, of draining materials where wanted, and of every other requisite which tends to encourage an additional investment of capital. How few persons are there who have all these requisites. A due admixture of stock and tillage is the most favourable to the advance of produc-

tive industry. Few persons can boast of a sufficient portion of good meadow land to give a plentiful supply of hay, or land well adapted to the growing of turnips in one part of the farm, and of wheat in another. Unless one or both of these requisites be within reach of the farmer, he cannot find winter provender for a profitable stock of horned cattle to turn his straw into manure; and, in case he has not suitable wheat or turnip land, he cannot take full advantage of the manure he obtains from his cattle, not forgetting that abundant clover crops add greatly to the value of artificial produce; and, when its annual returns can be enhanced by soiling, it tends to draw rich soils out of pasture into convertible husbandry, causes a demand for labour, affords subsistence to a greater population, and creates a broader basis for capital to rest upon.

Nature has therefore opposed insuperable barriers, on every hand, to the rapid development of the creative process; and all we can expect is a gradual amelioration. But happily, this continual increase in the quantity of the produce of the soil, tends to lighten the pressure which naturally falls upon the labouring classes, in consequence of the rise of population.

In upland districts, pasturage must prevail; much tillage will seldom answer. Under such circumstances the farmer cannot set his servants and horses to work in so advantageous a manner as on a tillage farm. On a good grain farm, but ill adapted to stock, labour is not so productive as when they are happily blended together. When a great quantity of coarse meadow hay is obtained, it assists the farmer much in the raising of manure; but as the stock of cattle is uniformly found in deplorable condition, they bring in only very limited returns. In such cases, as in every other where it is wanted, and can be done at any reasonable expense, draining ought to be resorted to, in order to enhance the profitable returns of labour.

When we reflect on the almost infinite variety of farms, which change of soils, of climate, of markets, and other local circumstances produce, the most inconsiderate person must feel assured, that without very considerable talents, much experience, and accurate observation, the various executive arrangements and succession of crops on a farm cannot be the most profitably adapted to each other. To men wholly unaccustomed to farming pursuits, this difficulty is not apparent, and want of attention to it has plunged many in irretrievable ruin.

A theorist, who has gained his knowledge by books, and a

little passing observation, is apt to regard the art of managing a farm as of very easy acquirement. That unaffected simplicity of manners, and humble demeanour, which are the general characteristics of many excellent farmers, tend to increase this deception. In fact, they regard men of intense thought, extensive observation, patient industry, and matured experience, as the very reverse of what they really are, and injudiciously engage a farm under an idea of almost certain success.

But they soon find the simplicity of farming is only apparent, and that skill in the adjustment of the different operations and routine of a farm, in the most profitable manner, can only be acquired by long habits and application. Even a want of extensive and accurate observation is often a leading cause of the ruin of professional farmers themselves, on leaving the spot where they had been taught, and ignorantly following in other districts, not adapted to their practice, those plans which were admirably calculated for their own.

Whether, therefore, we consider the speculator or the practical farmer, we find that success or ruin of the great majority of them has originated, from not having sufficiently examined the arrangements applicable to the farms they occupy; and that, by the adoption of more just and well-digested plans, many would have realised a fortune, where indolence, extravagance, and inexperience have thrown it away.

When we consider the subsidiary sciences connected with agriculture, necessary to be understood by the intelligent farmer, the most superficial observer must feel convinced, that few pursuits require a greater share of bodily and mental exertion than farming. Without an adequate knowledge of chemistry, he cannot duly appreciate the interesting stores of information which it unfolds, and can neither analyze soils, manures, nor plants. Nor is this branch of science unimportant to him in other respects. It tends to simplify his views of practical tillage, of the fertility of soils, and of the nutritive properties of plants. Natural philosophy is absolutely necessary for a knowledge of the principles on which his implements ought to be constructed. The diseases of cattle and of plants, with the methods of their cure, ought to be well known. The various tribes of insects with which he is infested, and the methods by which they can be destroyed or otherwise guarded against, require the skill of the naturalist. Few men require a more intimate acquaintance with the state of distant markets, for availing themselves of the best times for selling their produce. In short, the variety, the extent, and correctness of the farmer's knowledge, and the habits of

industry and economy which are requisite, place the acquirements of the professional husbandman, not, as some have ignorantly done, among the lowest attainments of the human mind, but among the highest, the noblest, and the most useful.

Nothing is more intimately connected with the farmer's welfare, than the rent of land. To form a right notion of rent, and the amount of it which the tenant may venture to contract to pay annually, requires an intimate acquaintance with the most abstruse elements of political economy; and, even then, as he is unable to foresee the various expedients and uncertainty of policy to which the legislature may resort, it is at best a sort of lottery. May that period soon arrive when the value of rent is no further a lottery than what arises from the natural consequences of seasons.

SECTION III.

The Interests of the Landlord considered.

A PRUDENT farmer seldom engages to pay an extravagant rent: and, if we take a just view of the real merits of farming pursuits, a judicious, an industrious, and an economical farmer is infinitely preferable at a reasonable rent, than the promise of an exorbitant one, by inexperience, indolence, and extravagance.

If we consider the important link which the farmer sustains in the scale of national prosperity, no class of individuals better deserve fair and liberal treatment, and it too frequently happens that none are more illiberally dealt with, nor liable to more unwarrantable insults. We have already seen how important the gradual advance of the creative process is to the general welfare of the whole community. The progressive movements of that process are in a great measure attributable to the patient foresight, unremitting industry, and strict economy, of a valuable and worthy tenantry. To their economy and good management may be attributed the ease and affluence of wealthy landlords, and the comforts and happiness of an industrious peasantry.

It is the farmer that makes an ample distribution both to the landlord and the labourer. He does still more; his body and mind are continually occupied in promoting and enlarging the abundance of what he distributes. Were the other two classes, landlords and labourers, deprived of the farmer's

services, both of these would soon be visited by misery and ruin. The inattention and unskilfulness of the one, and the indolence and extravagance of the other, would speedily put an end to the surplus produce, and involve every thing around them in desolation. The increased produce of cultivated land, in addition to what is naturally produced, is so limited in amount, after setting aside the cost of labour, wear and tear, and the seed and horse provender required to raise it, that, were it not for the skill, industry, and economy, of the tenantry, cultivation would immediately cease, and the other two classes would become a body of roving tartars, or they would sink into that state of degradation which uniformly occurs where this intermediate link of society is wanting, as in Russia and Poland.

Liberal landlords, skilful farmers, and an industrious peasantry, are at least one cause of national prosperity; upon the maintenance of this triple union the happiness and prosperity of the British Empire depend. When a selfish landed interest resolved upon holding out the deception of corn laws, to cover the insidious operations of a return to the old standard of value, they sacrificed that just regard to public estimation which they ought ever to possess. Had the corn laws not been instituted, the tenantry would at once have been able to detect the hidden pit which was dug for them. But the corn laws are so insidiously deceptive, the tenantry and yeomanry, once the pride of England, now heart-broken and ruined, rush onwards to destruction with a celerity and an infatuation not easily to be credited.

Let, then, the landed interest, the most efficient part of the British legislature, if they would save themselves and the labouring classes from utter ruin, do strict justice to the tenantry, the yeomanry, and themselves, by adopting sound principles of commerce. What ruins the tenantry must be ultimately detrimental to the other classes of the state.

Take away the tenantry, and all the other classes are nought; for the whole is evidently built upon that basis, which the creative process occasions, and which the tenantry carry so ably into execution. Put the land into the hands of the national creditor, in return for the accumulations of his nominal capital at compound interest, and no one would advance that particular capital which is requisite to make new and particular investments of it in the soil.

This brings us to the more intimate manner in which the interests of the landlord and the tenant are combined in one. We have already seen that the augmentation of rent depends

greatly upon a new capital being invested in the soil, set aside out of the annual income which arises, either from the profits of moveable capital, which is laid out by the tenant, or from the landlord's share, and by him advanced to promote the future income accruing to him in the shape of rent.

The reciprocal interests of landlord and tenant are blended together in the same train of events. In case the landlord lays out a portion of his annual rent in the construction of roads, the formation of drains, the erection of hedges, the enlargement of the farm buildings, or in irrigation; the tenant has the benefit of these during the time of his lease, and the landlord is able to obtain an increased rent in future;—increased in value, not by the necessity of setting to work less productive labourers, but by investing in the soil a larger capital, and the acquirement of greater powers of production.

As the interests of the tenant are temporary, and those of the landlord permanent, the latter has a greater interest in the outlay of a new capital and the general improvement of the farm than the former, unless the tenant have a very long lease; and, even then, as the expiration of his lease draws on year after year, his interests diminish, and those of the landlord become greater. In whichever way we view their respective interests, the improvement and good management of a farm are at least equally as important to the landlord as they are to the tenant, and often much more so.

Every proposal for the investing of a greater capital in the soil ought, therefore, to come from the landlord. In promoting the increase of rent, it is highly necessary that the tenant to whose hands a farm is trusted, should possess all those requisites which are calculated to command success. Such a tenant is the most likely to pay his rent well, keep the land in good heart and condition, and lay out the additional capital the landlord may deem proper to invest in the soil in the most judicious and economical manner.

Perhaps it may not be the soundest policy on the part of the landlord to be bound by lease to make improvements, as it does not allow him to conduct them in such a manner, and at those times which may suit his convenience. But, having made himself acquainted with the best means of enhancing the future value of rent at the least cost, he contracts with the tenant to carry his plans into execution. The latter, having an interest in this new outlay as well as himself, is likely to do it cheaper and more effectually than persons less intimately interested; and may besides refund the landlord during his lease, by paying a per centage on improvements,

In this way the landlord may carry on his improvements to the end of the tenant's lease; and as they soon find how intimately their interests are connected, it prepares the way for the tenant's continuance upon the farm, to the reciprocal advantage of both parties. Roads, drains, and irrigation, are often well calculated to augment rent. The first diminishes the cost of cultivation, the second both renders it more productive and less expensive, and the third produces an annual supply of manure without requiring any in return; besides an abundance of hay.

Most farmers have more vacant time at some seasons of the year than at others. By the landlord allowing them a fair remuneration for the making of roads, for draining, &c. they may be able to employ their vacant time profitably, when they could not otherwise do so. Nor is this unimportant; servants wages and the keep of horses may be going on; and if it be to the mutual benefit of both parties to set them to work profitably all the year round, it also tends to the promotion of those general interests upon which the body politic depends, as it is admirably calculated to set free the creative process, widen the basis upon which capital rests, and promote national wealth.

It is in this way, and this way only, that rents may be doubled without either injuring the tenantry or the labouring classes; for it is to their advantage also that the productive powers of the soil should increase.

Every large landed proprietor ought to have repeated surveys made of the means of improving his respective farms, accompanied by estimates of the expense and the annual returns to be expected. Were this done by a skilful person, there can be little doubt the rental of many estates would be doubled in the course of a few years. Suppose 20 per cent of the rental were annually laid out in this manner, it might be expected in a short time to augment the incomes of the landed interest in a surprising degree. Indeed, income derived from rent, is in a great measure owing to the capital invested in the soil, repeatedly drawn from the annual returns, and put into a new and productive shape, rather than to the indestructible powers of the soil when stripped of every thing artificially attached to it.

It has been already remarked, that the annual profits of new capital laid out in the improvement of land are not regulated by any uniform rate, and may vary from 1 to 100 per cent. The placing of land in the hands of an enterprising and prudent tenantry tends considerably to forward this development of wealth in case the landlord pursues his real in-

terests. But it too often happens that landlords consider their interests made away with the moment they have let it to a tenant, and are often not disposed to make any improvements the returns from which are remote. An opinion so unfounded can only be dispelled by the light of science, the march of liberal sentiments, and the influence of capital.

A tenant continually aided by the liberality of his landlord can afford to pay a better rent; he is enabled to bring more abundant profits within his reach, command a greater capital, pay his rent more regularly, and keep his farm in better heart and condition. Surely these present to the landlord something more than a remote advantage. A tenantry broken down and dispirited generally cause a severe loss to landlords in the end, by demolishing whatever they ought to have improved, by suffering the land to run wild, and stagnant water to accumulate in every quarter, to the destruction of every thing profitable around it.

The profits of capital invested in the soil differ materially from an outlay in moveable capital. The accumulation of capital in the latter is open to every individual whose enterprising spirit is disposed to lay it out in that way; but in land, if it be not the interest of the tenant farmer to make the necessary advance, it rests entirely with the owner of the soil whether he be disposed to make the necessary outlay or leave things to remain as they are.

Were the application of new capital to the improvement of the soil as free and open to enterprise and skill as it is in manufactures and commerce, its accumulation in the former description would increase infinitely more rapidly than when left to the choice of a single individual, who may either want means, inclination, or judgment, to turn his money to profitable account.

Again, his property may be so intermixed or connected with that of other people's, that he cannot take the advantage of draining without imparting to his neighbour a valuable consideration, which may not repay himself, and which would amply repay them were their exertions united.

A striking instance occurred to my observation a short time ago. A drainage was proposed which would have returned profits to the amount of full cent per cent per annum; but in consequence of only a part of the proprietors seeing the full advantage of what was proposed, the scheme was speedily given up again; probably enough to be carried into execution at some future time, when the owners of the adjoining land are more unanimous, and see their reciprocal advantages more clearly.

Many of our rich landed proprietors, who are annually saving a part of their incomes, and laying it out in the purchase of land, would better fulfil the duties of the station in life they hold, by laying out these savings in the further improvement of the land they already possess, and in securing to themselves a more ample income. Instead of frequently contenting themselves with 4 per cent on the purchase money, they might often reap 10, 15, or 20 per cent, by a judicious outlay of capital in roads, drains, irrigation, &c.

What is laid out in the one way promotes the industry of the country, and adds to its annual income in the shape of wages. Annual savings laid out in the purchase of land, produce an overflow of monied capital, stop the progress of the natural distribution of income, and close up the channels of national wealth.

SECTION IV.

Remarks on the Advantages and Necessity of the Establishment of the various Ranks of Society, and of the Nature of their Prosperity.

HOWEVER wisely the social fabric of the British Empire may be constructed, and whatever energy it may impart to industry, the happiness of the state is not more highly indebted to our civil institutions, than to the division of the several ranks of the people into landlords, capitalists, and labourers. To amuse ourselves with contemplating the superior claims to regard enjoyed by this or that class, is ridiculous. If a worthy tenantry sustains the centre stone of the arch, the labouring classes give him the power which executes, while the landed proprietor has been encouraged to save a capital for him to work upon. Were it not that the labouring classes are urged to industry by reward, the tenant, from a desire to save a moveable capital for the management of land, and the landlord to invest a capital in the soil from similar motives, the arch would loosen from its centre, and soon crumble into dust.

Nor does the chain of relations end here. The continual dissipation of income, in the necessities of life, in articles of luxury or of unproductive labour, and in new investments of capital, diffuses annual income through the remotest pores of the body politic, and sets to work a new race of capitalists and labourers, in the shape of house proprietors, &c. manufactures, and merchants; and those continually stimulating

and urging men to industry by the hope of reward, and raising the efficient powers of individual labour, generate that national wealth which enables the farm labourer, the farmer, and the landlord, to sustain the arch upon a sure foundation. Take away any part of this fabric, and the whole dissolves at once; and, like Babylon, Persepolis, or Thebes, leaves only a heap of ruins behind, to point out what has been, but which no longer presents the busy scenes of active industry.

One might have reasonably supposed, history would have taught us long ago that wealth uniformly originates in the hope of reward. How idle is it to talk of the uselessness of this or that class of the community. All classes are useful, unless it be the stockholder, whose services naturally resolve themselves into compound interest. Nor has he been altogether useless in assisting monied men to make over their annual savings to the industrious classes.

The beautiful fabric of public wealth, as exhibited in the British empire, proportioned as it is with admirable nicety and ease of action, were the veil fully drawn aside, would doubtless disclose incredible harmony and unity of parts. Accustomed, as we have been, to view it disjointedly, surely that day is not far distant when every one shall be able to apprehend how much we owe to each other, and how miserable we should be were we deprived of that association of income which is necessary to the happiness of the whole.

Annual income is derived from two original sources. 1st, From rent, or any other realised property which requires no immediate exertion. 2dly, From the profits of capital actively employed, and from the wages of labour, both of which require industry and attention. The business of the one class is to consume only, and that of the other to consume and produce also. As the welfare of the latter depends in a great measure upon the dissipation of the incomes of the former, and as wealth is generated by its decay in the hands of inactivity, and by its reproduction in the hands of industry, every circumstance which distresses the latter class is detrimental to the creation of wealth, and of national happiness and prosperity.

Whatever promotes the prosperity of industry necessarily sets free the creative process, which manifests itself in the multiplication of population, in the increase of capital, and in the more effective powers of individual labour. Nothing can therefore be more baneful in its effects than the deception practised upon the tenantry, by the involved scheme of a return to the old standard of value and of corn laws. If the landed interest have honourable intentions, let them re-

peal the corn laws, and then the tenantry of the kingdom may be able to calculate more justly upon the future price of corn.

Corn laws may, for a very short time, appear to raise the price of grain in the United Kingdom above its natural level with foreign countries. But they cannot possibly keep it permanently above that level. It would therefore appear that these laws are calculated insidiously to undermine the interests of industry, by silently taking away the property of the tenantry, and by starving the labouring classes. Nothing but the most amazing powers of capital could have enabled industry to move on under a pressure so forcible. In time, the landed proprietor and the monied interest must become fully sensible of their folly. If industry were ruined, of what use would either their land or their money be? No mathematical proposition can be more self-evident than that land and money, when deprived of industry, are useless possessions. Due attention, on the part of the landed interest, and of the legislators to the portion of British history elapsing from the commencement of the civil wars to this period, would have clearly pointed out the folly of every attempt to advance permanently either the value or the price of land and of corn, by legislative enactments. The high price of corn under Charles I. and Cromwell promoted the study and improvement of agriculture in a very surprising manner. When, however, the price of grain began to fall, after the end of the civil war, the landed interest, actuated by the same petty policy and selfishness, which has distinguished this body of men in the nineteenth century, to whom past experience ought to have given more enlarged and patriotic views, prevented the importation of foreign corn by act of Parliament. The result was the very same in the seventeenth century, which has taken place in the nineteenth. Corn, instead of advancing daily in price, fell; farmers were ruined, landlords impoverished, with their impoverishing estates, and the body politic experienced those injurious effects which must invariably result from the ruin of any of its members. In 1688, however, the landed interest was actuated by selfish motives, which were supported also by the legislature and the executive part of the constitution. A bounty was granted to the exportation of grain for the express purpose of advancing its prices. The very reverse, however, followed, and the seventy-nine years during which this system continued, are distinguished above all others for the lowness of prices. High prices have only taken place in the whole range of the last 180 years, when the operation of the corn trade was *actually* unrestricted, and the energies of all classes connected with

agriculture were permitted to pursue their own and the general interest, unbiassed by the operations of partial enactments and an erroneous policy.

From the year 1787 to the year 1808, the money unit was gradually depreciated in value. This was advantageous to industry. And it manifested its powers in every corner of the land. The tenantry, eased from the burdens of high rents, were enabled to acquire a larger moveable capital, and also to invest a new capital in the soil, unassisted by their landlords. At the expiration of their leases, the improved value of the land fully compensated the landlord for the loss of rent, where farms were placed in the hands of skill and industry.

No country can continue to prosper unless industry be rewarded. It is true the landowner, under the hope of reward, has been induced to invest an extensive capital in the improvement of the soil. But it is equally true that unless the tenantry and the farm labourer be rewarded for their toil and attention also, the returns of the capital advanced by the landowner must soon cease to produce its usual annual returns.

Reward, the main cause which leads to production, has so natural a tendency to withdraw itself from the active capitalist, and the labouring classes, that it is the chief art of legislation to ease industry, and encourage it to advance, by the dissipation of realised incomes, and by their re-accumulation in the hands of industry. A money unit rising in value, as it involves the energies of society in embarrassment and ruin, naturally leads to the most disastrous consequences.

On a survey of the elements of national wealth, it would seem that a more general diffusion of sound principles of political economy is of all other things the best calculated to unfold the mystery of public happiness, and show each individual the true methods by which his welfare is upheld.

It is a prevailing remark at present, that competition in business has become so great that scarcely any profits can be obtained. The cause of this excessive competition evidently springs from the anticommercial system we have adopted. Give free action to British capital, through the invigorating influence of free trade, the world would become its theatre of action and reaction; all its latent energies would be put forth upon a field of ample extent, and we should hear no more of excessive competition, or of a rate of profits unreasonably diminished. The prosperity of England has been invariably proportionate to the extent of trade and manufactures, and whatever contributes to promote their interests, invigorates

at the same time the labours, and increases the emoluments of the farmer. By setting free the productive powers of the whole world, the mere feelings and influence of a limited and contracted policy, on the part of various states and nations, towards each other, would subside; the petty and selfish jealousies of the manufacturer, the merchant, and the agriculturist, with respect to each other, would be annihilated, and the ennobling influence of genuine humanity would be increased, by enlarging the circle of human exertion and of mutual intercommunity. The very sources of war would be dried up, and it would be no longer necessary to have a large and active part of our species employed in devastating the rest, but a general harmony and good will, springing from an enlightened principle of making self-interest coincide with that of all, would predominate. The petty bickerings, therefore, which invariably mark the dealings of pure unmingled selfishness, would be succeeded by the liberal, honourable, and truly humane conduct which characterises the spirit, the enterprise, and the dealings of a well-educated British merchant. The narrow sphere of thought and action that has too often distinguished the conduct of corporate bodies, would be succeeded by the boundless energies of the whole human race pursuing the interests of all with a more unremitting energy than the most intense selfishness has ever yet exhibited. How pleasing is it to reflect, that the cheering dawn of the present administration is distinguished by a career of liberal principles, which entitles every lover of his country to presage a splendour of meridian glory greater than any which has yet beamed upon the councils of our native land.

Did the tenantry of the United Kingdom, the main link which sustains the welfare of the whole community, clearly apprehend the true principles of rent, they would immediately cease to contract to pay more than they can really afford. High or low priced grain, estimated by figures, is to them quite indifferent. It is the proportionate quantity of the whole produce that remains with them, after every claim against them is discharged, which determines their welfare.

It is therefore no question whether the price of wheat be 1*d.* or L.1 per bushel, so that rent and taxes, the price of labour, and the cost of wear and tear be in such proportions as to leave the tenant his due share of the whole produce. The reward which that share allots to him, enables him to continue his industry and attention, and encourages him to do so. Did the public stockholder see the real security upon which his money is advanced, it would surely teach him that the accumulation of compound interest, until he obtains something of

substantial value, is only the name of wealth, but not the substance itself. It would then seem that in proportion as his knowledge becomes more accurate, his demands are likely to be more moderate and agreeable to the actual relation in which he stands to the other classes of the community.

Did the manufacturing, mercantile, and labouring classes understand their true interests, they would unquestionably take such measures as are calculated to bring about a repeal of the corn laws, and place the commercial system upon a footing better calculated to inspire every hand with industry.

Finally, did the legislature and his majesty's ministers, view the relations and proportions by which the whole annual income of the country is naturally distributed among the several ranks of the community, surely they would immediately frame such laws, and take such other measures, as were suited to maintain the proper position of every class of the people.

Whatever imperfections may attend the domestic and foreign policy of the British empire, every unprejudiced mind must feel confident that a people governed by so many wise and salutary laws, possessing an extent of capital, industry, and intelligence, equalled only by an exalted and sincere love of their country, and of the welfare and happiness of mankind in general, can only pursue a course worthy of their institutions, by bestowing upon all nations that freedom of commercial intercourse which promotes their own interest, while it advances the prosperity and secures the peace of the whole human race.

NOTES.

NOTE A. Page 3.

As the division and arrangement of our subject, adopted in this work, presented to the public, are in some respects materially different from those of former writers, it may not be improper to make a few remarks on that head. Political economy is chiefly an affair of complicated facts connected with each other, under the control of relations constantly adjusting themselves according to invariable proportions, and at the same time continually liable to be disturbed and perverted by incidental circumstances. Thus far we speak of natural political economy, or of that which belongs to the processes of production and the principles of relative value; and, of course, we allude to those payments which are made for and contribute to production. But there is a second description of payments that contributes nothing towards the affairs of production, which may, with great propriety, be termed nonproductive payments, or payments for which no articles of a marketable character are received in return. These, therefore, are payments charged upon industry under the head of public taxes. The affairs of actual life, as they really exist among men, are the various circumstances arising out of these three incidents; which form a sort of fourth event arising out of transactions of barter, and the receipt of income out of public taxes or other nonproductive payments. The next event peculiar to national wealth is the power which produces it; hence a description of that power and its influence on and connexion with the four events just pointed out, gives it a just claim to a place in the science of which we are speaking. The sixth and last division of the subject may be classed under the head of statistics, and gives an account of all historical facts, estimates, and accounts of the annual income of a state, its public revenue, or any event which may have been either favourable or unfavourable to national prosperity. The natural division of political economy would therefore appear to be,

- 1st, General principles.
- 2d, Temporary and incidental principles.
- 3d, Taxation and the public expenditure.
- 4th, The application of these three heads to the various forms in which public and private income are exhibited.

5th, The powers of production, their influence on public wealth, and their changeable character.

6th, Statistics, or an account of national wealth, and its history.

This mode of dividing an inquiry into political economy is formed out of its qualities or general events, and proposes to define the relations these events have to each other. Whereas, dividing it according to the different descriptions of the substances of value, such as the accumulation of capital, territorial wealth, and commercial wealth, though they may be very proper as subordinate divisions, places all the heads of inquiry in a succession of details, without showing the connexion which the general bearings of these details have in reference to each. Thus, Dr. Adam Smith, and many other very able writers, have collected and examined the peculiar qualities of an amazing mass of very valuable materials, and though they have subjected them to a strict analysis, they seem hardly to have thought of exhibiting them in a synthetical form, or of investigating their general bearings, and were naturally bewildered among substances, whenever general and relative qualities or events were concerned; because the form in which they treat the subject did not lead them to ultimate consequences. The author of these pages has certainly no pretensions to the filling up of the perhaps imperfect outline he has marked out. All he has attempted to do towards improving the most important science of all others, is that of having pointed out to future writers what he conceives to be the true mode of inquiry. How far he has succeeded, time alone can determine; and the only opinion he shall give is, that modes of thought and inquiry, in difficult and involved questions of abstraction, often accomplish more than desultory acuteness and quickness of perception. The fifth and sixth divisions of political economy are not examined in this work.

If political economists would only consent uniformly to preserve a just line of distinction between permanent or natural principles and those of an incidental or temporary influence, would take their combined bearings into account, and illustrate their arguments by the circumstances which occur in the actual transactions of business, they would not only extend the bounds of science, but hold opinions more rational, less confused, and conformable to each other. Stated forms and tangible estimates are all that are required. Without these our inquiries are at best only a play upon words, and the brandishing of a number of abstract propositions, which too often have no resemblance to the real world as exhibited in the actual walks of life.

The author has no wish to speak of himself; but there are circumstances which ought to be stated. He commenced his inquiry into subjects connected with political economy in the year 1812. The chief theory he then adopted was, that the price of that labour which entered into the component cost of manufactures, or other articles of merchandise exported to foreign countries, was regulated by the money for which those articles were sold abroad; that this circumstance determined the rate at which money came into the country, ultimately regulating the price of labour employed in farm ope-

rations; that the price of that description of labour regulated the price of producing corn, and, as a consequence, its natural price, or that for which it could be afforded in the market one time with another. Hence the theory that the natural price of corn is regulated by the expenses incurred in producing it; and that, as a consequence, the prices of labour and corn naturally assume a rate of prices proportionate to each other, regulated by the expense incurred from the employment of labour, or the cost of production. Seed and horse provender, as they draw away a portion of the augmented produce of land which cultivation produces in kind, cannot be said to have a money price, and therefore have seldom or never any concern in regulating the natural price of corn. In 1814, these opinions, in substance, were stated in Evans and Ruffy's *Farmer's Journal*, published in London, and a course of essays commenced in which most of the leading views contained in the work now submitted to the public were detailed.

NOTE B. Page 42.

IN the month of March 1815, in the same newspaper, one of these essays was published, written in the month of November 1814, in which it is stated that "all land will be tilled, which is capable of returning the expense of cultivation and the due remuneration of capital; if there be any overplus," it is concluded that that overplus is rent. Mr. Ricardo, in the preface to his *Principles of Political Economy*, observes that, "in 1815, Mr. Malthus, in his inquiry into the nature and progress of rent; and a fellow of University College, Oxford, in his essay on the application of capital to land, presented to the world, nearly at the same moment, the true doctrine of rent. This doctrine is in substance the same as that which is given above, or, to use the words of Mr. Malthus, "the rent of land may be defined to be that portion of the value of the whole produce which remains to the owner of the land, after all the outgoings belonging to its cultivation, of whatever kind, have been paid, including the profits of the capital employed." Why did not Mr. Malthus inform his intimate friend, Mr. Ricardo, what those outgoings belonging to cultivation were? Had he done so, the latter would surely never have said, "the produce of the earth,—ALL that is derived from its surface by the united application of labour, machinery, and capital, is divided among three classes of the community; namely, the proprietor of the land, the owner of the stock or capital *necessary* to its cultivation, and the *labourers* by whose industry it is cultivated." Are not seed and horse provender also an outgoing; and to which of these three classes of the community do they belong? Therefore, not ALL, only what remains after seed and horse provender are first deducted, is divided among three classes of the community. The reverend gentleman is, however, a little more cautious; he has refrained from entering into particulars, and throws into one sum ALL the outgoings belonging to cultivation. In truth, it is obvious that neither Mr. Malthus nor Mr. Ricardo had any experience of the cul-

tivation of land ; for the merest tyro in practical agriculture would be able to detail the various heads of these outgoings.

NOTE C. Page 134.

INCOME derived from profits must ever augment in proportion as the interchange of commodities for each other is more extensively carried on. It is the main cause of the rise of towns, and they chiefly depend upon distributing among their customers the various articles that are brought from a distance, and in fabricating other articles which are given in exchange for them. Let us only reflect for a single moment on the immense profits which must be annually realised by the innumerable shops which our towns present, and we must be fully assured of the importance of making purchases from a distance, which have also the effect of encouraging corresponding sales. In proportion as the population of towns increases, and that of the country is diminished, it is evident that the country must have fewer hands employed in production, and an increase of customers for those productions ; and as trade naturally increases the inhabitants of the former and diminishes that of the latter, the wealth of the country is augmented in proportion to the prosperity of towns. Napoleon called us a nation of shopkeepers. Whom do those shops supply with commodities ? The various desires which the home trade of a wealthy people demands ; and none but a wealthy people can have occasion for these demands, because nothing but interminable wealth can afford to maintain a nation of shopkeepers.

Scotland is a striking instance how prosperous a people may be who make extensive purchases. She has few woollen, pottery, hardware, and silk manufactures. These she purchases from England, while she makes large importations of colonial produce annually. How does Scotland contrive to pay for these ? By the amazing extent of her cotton manufactures, which, compared with her population, is perhaps the most flourishing in the world. By establishing hardware, woollen, pottery, and silk manufactories in Scotland, the ruin of her cotton manufactories would follow, because they would draw away those balances which now pay for the cotton manufactures sent to the West Indies, and even to the Manchester market itself.

Indeed, it is obvious that purchases and sales naturally balance each other ; and therefore, whatever withdraws purchases, necessarily discourages sales. No instance can be given more conclusive that an excellent workshop has nothing to dread from leaving trade and manufactures to their natural operation, since they have the effect of creating those very customers of whom they buy. At the present time, the transmission of money from Scotland to England, is easier than from England to Scotland, which is in favour of the English manufacturer who has to remit his money to Sheffield or to Leeds, and against the Scotch manufacturer who effects a sale of cotton goods in England. In reality there is more English money in Scotland than there is Scotch money in England ; a proof that the former obtains back again more quickly the money which she pays

than the latter does, and which shows that she neither has a want of manufactures, nor is in any degree injured by the extensive purchases she makes. Indeed, she is greatly benefited by them, since they force corresponding sales.

NOTE D. Page 152.

SOME of those people who first established manufactures in Manchester, are said to have intended the commencement of them in Carlisle; but were prevented from carrying their intentions into execution by the interference of the corporation; and if this had not been the case, Carlisle might have become a first rate manufacturing town. As a natural workshop, Carlisle is fully equal, or even superior, either to Manchester or Glasgow. But being unimproved by art, it has neither that cheap fuel nor cheap carriage which a sea canal between Carlisle and Newcastle upon Tyne, a distance of only fifty-eight miles, would have bestowed. That city has had no Duke of Bridgewater. The Earl of Carlisle's Naworth-castle estate, of which Brampton is the chief town, is perhaps the most complete natural workshop in the kingdom for the carrying on of manufactures, if, like Lancashire and Lanarkshire, it were improved by art; and yet, owing to unaccountable inattention, it may be ranked among the poorest districts in the empire. This shows clearly what a tender plant national wealth is, and that unless it be cherished and matured by the hand of wisdom and industry, it will never flourish; but, like Spain and the Barony of Gilsland, which might have been the seats of wealth and affluence, presents a land of primitive rudeness. Surely the time will arrive when the owner of this princely domain will form an enlarged view of its value, and adopt measures worthy of the name of Howard. There can be but little doubt that, had a sea canal been formed between the Solway Frith and River Tyne, the counties of Cumberland and Northumberland would have been three times as populous as they now are; which shows that the coal they export is not so much the chief cause of the inferiority of their wealth and population, as inattention to the natural advantages they possess, but which are useless to them in consequence of their not being sufficiently improved by art.

NOTE E. Page 175.

As the price of farm labour, measured in bullion of standard fineness, was no higher in the year 1813 than in the year 1820, it follows that the actual expense of producing corn in standard money was the same in both years, and the natural price of wheat also, which price was 8s. 3 $\frac{3}{4}$ d. per bushel. But the supply of 1812 being insufficient, the actual market price of wheat, in standard money, was 9s. 10d. per bushel; and though, on the 23d of January 1821, a noble Lord asserted, in his place in Parliament, that the low price of grain was to be attributed to an abundance or excess of production, yet the average price of wheat, for the twelve months preced-

ing this assertion, was within $\frac{3}{4}$ d. per bushel of a full remuneration of the cost of production. The causes of the low prices of wheat in the year 1820, were therefore to be sought for in operations of currency, corn laws, and other anticommercial regulations adopted at home and abroad; and which interrupted the circulation of bank paper, reduced gold to the standard rate, and obstructed those channels of commerce through the medium of which the circulating medium of wealthy and industrious states is replenished, and the value of gold increased as an article of merchandise.

NOTE F. Page 188.

WHILE neither foreign commerce nor colonies, the discovery of more productive mines, inventions and improvements in mechanics, the accumulation of national capital, nor the introduction of paper money, interfered with the comparative exchange between labour and bullion, that exchange remained nearly the same from age to age. But when once the several events arising out of these began to operate upon the value of the metals of coinage in a variety of forms, and through the most complicated channels of trade and credit, we from that moment find the price of labour continually subject to fluctuations of the most extraordinary character, though no perceivable variation occurred in its natural value, or command over the necessaries of life; of course, the metals of coinage became a very imperfect standard of value in the measurement of general exchanges.

NOTE G. Page 203.

It has been justly remarked in substance by Mr. Hume, in his celebrated *Essays on Money and Commerce*, that the absolute quantity of the precious metals, in a country at any particular time, is a matter of indifference, for men and commodities are the real strength of any community; but the circumstance of the quantity of money increasing or diminishing is of great consequence. There is always an interval that elapses before matters are adjusted to their new situation; and this interval is as pernicious to industry, when gold and silver are diminishing, as it is advantageous when these metals are increasing. The interval of adjustment, of which Mr. Hume here speaks, was never more strikingly illustrated than during the incidental fluctuations which occurred in the value of the currency in the years 1814, 1815, and 1816. The price of commodities usually exported to foreign states varied immediately in correspondence with the fluctuations to which the market price of bullion was then liable; and with almost equal celerity reached the prices paid for operative labour employed in our manufactures, and of all home goods of a similar description in the hands of general traders and retail dealers. But the prices paid for operative labour, which depended wholly upon the home market, such as shoemakers, tailors, cabinet-makers, and stone masons, have scarcely been affected by the variations in the value of the currency which have occurred since the

year 1814. Though the reward paid for the different sorts of labour will naturally adjust itself in the end according to equitable proportions, yet the period of time which one of these adjustments sometimes requires is protracted much longer than we should expect. Indeed, the relative reward of labour has been for several years extremely complicated, owing to the involved character which currency, commerce, knowledge, and mechanics have assumed. In this respect the power-loom and the corn laws form a prominent part. Attention to the several bearings of these may, however, enable us to point out the principles upon which they act, though we may be unable to mark the exact influence of each. Thus, since the year 1814, the wages of operative cotton weavers have been brought down by lowering the price of bullion, by the corn laws, and by the greater means of production which the power-loom commands; while the reward of those employments which supply the purely home demands has been kept up by former high prices, and their not coming into immediate contact with any proximate cause sufficient to produce a natural adjustment of prices in proportion to each other. This circumstance does not, however, destroy those more remote causes which ultimately regulate the rate of wages, determine the cost of production, and the natural price of those productions in the market, subject at the same time to those incidental events that finally derange and involve prices in a double complication.

It has been frequently argued of late, that many of our indirect taxes, which have been remitted by government, are not remitted to the consumer. This may often be true for a short period, but can never be true as an ultimate consequence.

Whatever is beneficial to producers must encourage production, and prove advantageous to the consumer in the end. The mere name of taking off taxes frequently induces people to consume under an idea that, when taxes upon a particular commodity are remitted, cheapness must follow; and this idea, creating a greater consumption, renders the price of the commodity equal to what it was before the remission of the tax. But surely, it will hardly be argued that this is not beneficial to industry, or unjust in principle, since it is nothing more than the natural form in which competition exhibits itself, and adjusts the various relations of society with infinitely more wisdom and exactness than any direct interference can ever accomplish.

NOTE H. Page 217.

THOUGH it should be proved, in the most satisfactory manner, that the system of currency here proposed could not be put in practice, still the arguments connected with this branch of our inquiry throw considerable light upon the true principles of political economy, since they are so intimately connected with questions of great importance, namely, what regulates the comparative exchange between labour and bullion? In what manner is the natural exchange between labour and corn determined? How far is the price of labour concerned in determining the nominal or money value of capi-

tal already realised? How far does the price of labour regulate the cost of productions in general? Is not value imparted to labour by the relation that exists between the advance of population and the development of the means of subsistence? If we answer the last of these questions in the affirmative, we apprehend all the others ought to be answered in the same manner; and that labour, being either the remote or the immediate agent of all production, or the agent which regulates value in exchange, naturally regulates all other values, estimated in money, in conformity to its own; and that whenever the annual rate of exchange between labour and the metals of coinage varies in reference to each other, it is a certain proof that the value of these metals has become either more or less, and, of course, a false measure of equal values in exchange. It proposes to institute an inquiry into the annual price of every description of labour. Nothing could be more calculated to explain a variety of intricate questions intimately connected with the most important results exhibited in political economy. Indeed, until we have regular accounts of the prices of labour, as a science, it must ever be subject to those absurd theories to which speculations without facts necessarily lead.

I am ready to acknowledge that the present is not a proper time to introduce a new system of currency. But it is of all others the very best for inquiring into the possibility of establishing a more perfect plan than that which has been adopted. Were the circumstances of the year 1809 to re-occur, and that which has happened once may happen again, and that ere long, I should wish to ask whether a SETTLED currency could be safely and honestly adhered to or not? I think it cannot; and that whenever a similar occurrence happens, a similar expedient must be resorted to, with this difference, that its principles will ever afterwards form the basis of the currency; for the currency here proposed is neither more nor less than a definite modification of the system of currency adopted by government between the years 1805 and 1815; a system which carried the country in safety through greater difficulties than any that have been known in modern times. It is well known that the market price of bullion did not rise above L.4 an ounce until the year 1808 had elapsed. It is equally notorious that the price neither of farm labour, nor of that employed by our manufacturers, rose with the price of bullion. On the other hand, it is equally notorious that the money earning of our operative manufacturers, though the market price of gold and silver rose daily, fell in many instances from fifty to seventy per cent. What would the settled currency men have done in this case? Made over the country to the myrmidons of Napoleon. At least, at this day, such is the prevailing opinion of most of those who have thought seriously upon the subject.

It is the opinion of Mr. Thomas Attwood of Birmingham, a gentleman whose thorough acquaintance with the principles of currency is well known, that labour is the only safe and secure basis of a circulating medium; that it would preserve and continue an honest and equitable standard of value to the most distant periods of time, unattended either by difficulty, uncertainty, or danger, in case it

were fully acted upon ; and that all ranks of the community would feel interested in the maintenance of a system of money which secured the property of every man inviolably from year to year, as well as from age to age.

But there are some who object to a paper currency. Dr. Smith conceived the chief advantage of a paper currency consisted in its being a more economical medium of exchange. He says, vol. ii. p. 70, " The gold and silver money which circulates in any country may be properly compared to a highway, which, while it circulates and carries to market all the grass and corn of the country, produces itself not a single pile of either. The judicious operation of banking, by providing, if I may be allowed so violent a metaphor, a sort of waggon way through the air, enables the country to convert, as it were, a great part of its highways into good pastures and corn fields, and thereby to increase, very considerably, the annual produce of its land and labour."

Besides the conversion of highways into good pastures and corn fields, by the discovery of an aerial waggon way, Dr. Smith appears to have overlooked the main advantage, that of the cheapness which attends travelling upon this aerial waggon way, as he chooses to call a paper currency. Were the merchants of our days compelled to go back to the old highways, or to collect their money together in gold and silver coins, they might soon partake of a fate similar to that of an Italian painter, who lost his life by carrying home in copper the money he received for one of his paintings. In fact, it is the amazing facility which paper money imparts to transactions of business, and the cheap transmission of money from a distance, which constitute the chief excellence of paper money. Deprive our merchants and manufacturers of this facility, and it would have a strong tendency to prevent the division and co-operation of labour, or to promote those village manufactures which prevailed in former times, and which were so directly opposed to the accumulation of capital and the introduction of mechanical powers.

Though Dr. Smith overlooked the main advantages attending this aerial waggon way, the cheapness and facility of the transit of money to a distance, yet observation taught him what reasoning sought for in vain. The issuing of twenty-shilling notes, and the adoption of stock banks, whose stability have never been questioned to the present hour, were, in the early periods of the banking system, introduced into Scotland. This acute writer observes, " I have heard it asserted, that the trade of Glasgow doubled in about fifteen years after the erection of banks there ; and the trade of Scotland has more than quadrupled since the first erection of the two public banks at Edinburgh. Whether the trade, either of Scotland in general, or of the city of Glasgow in particular, has really increased in so great a proportion during so short a period, I do not pretend to know. If either of them has increased in this proportion, it seems to be an effect too great to be accounted for by the sole operation of this cause. That the trade and industry of Scotland, however, have increased very considerably during this period, and that the bankers have contributed a good deal to this increase, cannot be doubted."

If the trade of Scotland had not increased in a most extraordinary degree, subsequently to the establishment of the banking system, it might have been questioned whether an extended paper currency were highly favourable to manufactures and commercial affairs. And it is very obvious that Dr. Smith saw clearly, from what fell under his own observation, that a paper currency and the banking system had a happy effect upon trade. But he thought this effect too extraordinary to be accounted for by an improved circulating medium. He did not, however, fail to perceive the facilities it gave to the transactions of business. In consequence of keeping a favourite theory in view, (the uniformity of the value of bullion and paper,) he suffered his mature judgment to be warped by that theory; and to doubt the full influence of those circumstances which experience and observation had brought before him.

A cursory view of former events, and of those now passing before us, would lead one to suspect that changes of a most extraordinary character are about to take place in agriculture, manufactures, commerce, navigation, currency, and mechanical knowledge, accompanied by that rapid accumulation of capital which seldom or never fails to succeed the discovery of new powers of production; the opening out of more extensive markets, and of cheaper, more secure, and regular methods of conducting monied transactions.

NOTE I. Page 223.

THE prosperous state of trade would warrant this opinion. Besides, it will be found in the fourth part of this work, and also coincident with the facts stated in the tables of the Appendix, that free trade in corn has never failed to raise its money price, owing to the great demand for labour which it occasions, and by that means creates a demand for that surplus of labour which a well-cultivated country produces, but does not provide with employment adequate to the support of a family. This is accomplished by foreign commerce.

NOTE K. Page 284.

NOTHING can be more conclusive evidence in favour of the doctrine of tithes maintained in this work, than the good effects which have been experienced in the neighbourhood of Wigton, in Cumberland, from the commutation of tithes, and the enfranchisement of customary terms of an arbitrary description. The tract of country here alluded to extends over five large parishes, and comprises about 80,000 acres of land, chiefly arable, and all tithe-free; the quality of the soil good, and very improvable.

Not many years ago the greatest portion of this district was subject to tithes. Since their commutation it is evident that tithes are a tax upon rent; a check upon cultivation; upon the investment of an additional capital in the improvement of land, and also an absolute check upon population. These have been chiefly commuted by the inclosure of waste lands, and the exchange of tithes for these

lands; and also a part by purchase from lay-appropriators. The Earl of Lonsdale has enfranchised the Barony of Burgh, which adjoins the district above pointed out; the Earl of Egremont a still more extensive range of country; and Sir F. F. Vane, Bart. as a lay-appropriator, has also commuted tithes to a great extent, as well as customary tenures. Here is a body of experimental facts worth all the abstract reasoning which imagination can figure to itself; understood and duly appreciated, in a political point of view, by every sensible person in that part of the country; and it is upon this practical evidence that the author has formed the opinions he has stated in the body of this work.

NOTE L. Page 300.

PERHAPS one of the leading defects in the writings of Mr. Ricardo arose from too great a predilection for general reasoning. But it would be unfair to charge him with oversight in his chapter "on foreign trade." "Gold and silver," he observes, "having been chosen for the general medium of circulation, they are, by the competition of commerce, distributed in such proportions amongst the different countries of the world, as to accommodate themselves to the natural traffic which would take place if no such metals existed, and the trade between countries were purely a trade of barter." This would appear admirable. Nor is the following passage less so: "Of two countries having precisely the same population, and the same quantity of land of equal fertility in cultivation, with the same knowledge too of agriculture, the *prices of raw produce will be highest in that where the greater skill and the better machinery is used in the manufacture of EXPORTABLE commodities.*" He has farther observed, "wages as well as raw produce will be rated higher in money in that country *into which, from the advantages attending their skill and machinery, an abundance of money is imported in exchange for their goods.*" Had Mr. Ricardo pursued the chain of reasoning to which these conclusions naturally lead, he would probably have advocated the system of money proposed in this work, with all that distinguished zeal and ability which, it must be granted, he possessed. For he has observed in his chapter "on sudden changes in the channels of trade," that "the DEMANDS for the produce of agriculture are UNIFORM, they are not under the influence of fashion, prejudice, nor caprice. To sustain human life, food is necessary, and the demands for food must continue in all ages, and in all countries. It is different with manufactures; the demand for any particular manufactured commodity, is subject, not only to the wants, but to the tastes and caprice of the purchasers." Since the demand for the produce of agriculture is uniform, does it not follow that the annual demand for the labour which raises that produce must be uniform also, and naturally of the same value, as it regulates both the cost of producing corn, and its natural price, and also the amount of population? No arguments can be more able and conformable to the principles of value and currency maintained in this work, than those which have been urged by Mr. Ricardo. For he has distinctly

said, in his chapter on value, "if any one commodity could be found, which now and at all times required precisely the same quantity of labour to produce it, that commodity would be of an unvarying value, and would be eminently useful as a standard by which the variations of other things might be measured. Of such a commodity we have no knowledge." The point in which I differ from him is this; I think we have a knowledge of such a commodity; that that commodity is the annual labour required by the uniform demand for agriculture which Mr. Ricardo has so distinctly described; and that it is just as easy to apply farm labour to the standard value of a one pound bank note, as it is to circulate houses, land, or any other capital as money, through the medium of a bank note. The mode of operation and application requires only to be understood to be adopted; and even Mr. Ricardo himself has adduced in his chapter on "foreign trade," the most powerful arguments against a currency depending on the value of the precious metals, as he admits that "money is imported in exchange for goods." According to the opinions here stated by Mr. Ricardo, it would follow that when the anticommercial decrees of Napoleon interdicted the sale of British manufactures upon the continent, and we had a great amount of foreign expenditure in Spain, money would go out of the country to make good that expenditure; it would cease to return so quickly, and become more scarce; prices would fall, and the precious metals would exhibit that imperfect standard of value which was peculiar to the five years ending 1813.

Note M. Page 303.

THE original system of borrowing having been chiefly founded upon expirable annuities, the apparent debt of 1714 is considerably enhanced in amount.

NOTE N. Page 308.

THE following estimates, up to the year 1812, are chiefly formed upon the statements of Mr. Colquhoun.

NOTE O. Page 382.

THOUGH the price of labour may be low, it does not hence follow that it is really cheaper than that which is high. In none of the agricultural districts of England is the price of labour higher than in Cumberland, and yet, from the faithfulness and industry of its husbandry servants, perhaps no farmers in the kingdom are supplied with cheaper labour, while the poor's rates in many parishes scarcely exceed 6d. in the pound upon the rack rent. In that county labour is purely free, and its price adjusted by the supply and demand of open markets.

APPENDIX.

TABLE I. PART I.

If the natural price of corn be regulated by the expenses incurred in its production, as labour is the agent of that production, it would follow that the price of farm labour regulates the natural price of corn, or the price which it brings in the market one time with another. The following tables in which the prices of farm labour and wheat are compared with each other are constructed for the purpose of proving the truth or fallacy of this theory, namely, that on an average of years farm labour and corn uniformly retain nearly the same proportionate rate of prices. Thus, in case an able-bodied farm labourer costs 13s. per week the year round, the natural price of wheat will be 80s. per quarter; or, when labour falls to 9s. 9d. per week, the price of wheat, on an average of years, will fall to 60s. per quarter, however liable its immediate price may be to fluctuate from favourable or unfavourable seasons. That this must uniformly be the case is self-evident, from the tendency which cheap labour has to draw land out of pasturage into tillage, by the high rate of profits which it holds out; and, of course, dear labour has the reverse effects.

The following tables show that the price of wheat is liable to more extensive fluctuations above its natural price than below it; and hence, from having about two cheap years for one dear year, the comparative prices of equal quantities of labour and wheat do not give the true proportions to each other; as the labourer buys, and the farmer sells, a greater quantity of cheap than of dear grain.

The total amount of the price of a bushel of wheat in England, during a number of years, compared with the expense incurred in the labour employed in its cultivation in the county of Cumberland.

Number of Years.	The Years ending with	Amount of the average price of a Bushel of Wheat in each Year.	Ditto of one Week's Farm Labour.	Comparative value of that Labour in quarts of Wheat per Week.
		L. s. d.	L. s. d.	
30	1759	5 12 2 $\frac{1}{4}$	7 2 2	40.55
30	1789	7 15 7 $\frac{3}{4}$	9 18 5	40.65
31	1820	14 12 4 $\frac{1}{4}$	18 4 7	40.00
91		General	average	40.40
20	1820	10 10 2 $\frac{1}{2}$	13 9 3	40.96

TABLE I. PART II.

Shows the comparative price of one week's farm labour in the county of Cumberland, with the average price of a bushel of wheat in England in each year; also on an average of each ten, twenty, thirty, and forty successive years, represented in the number of quarts of wheat per week a labourer could purchase with his weekly earnings.

TABLE I.—PART II.

Years.	Wheat per bushel.		Labour per week.		In quarts of wheat per week.	10 years.	20 years.	30 years.	40 years.
	<i>s.</i>	<i>d.</i>	<i>s.</i>	<i>d.</i>					
1730	3	7 $\frac{1}{4}$	4	8	41.4	—	—	—	—
1731	3	3 $\frac{1}{4}$	4	8	45.6	—	—	—	—
1732	2	7 $\frac{1}{2}$	4	8	56.9	—	—	—	—
1733	2	9 $\frac{1}{2}$	4	8	53.4	—	—	—	—
1734	3	10	4	8	38.9	—	—	—	—
1735	4	3	4	8	35.0	—	—	—	—
1736	3	11 $\frac{3}{4}$	4	8	37.4	—	—	—	—
1737	3	9	4	8	39.8	—	—	—	—
1738	3	6	4	8	42.6	—	—	—	—
1739	3	9 $\frac{3}{4}$	4	8	39.1	43.01	—	—	—
1740	5	0	4	6	28.8	41.75	—	—	—
1741	4	7 $\frac{1}{4}$	4	6	31.2	40.31	—	—	—
1742	3	4 $\frac{1}{2}$	4	6	42.6	38.88	—	—	—
1743	2	5 $\frac{1}{2}$	4	6	58.5	39.39	—	—	—
1744	2	5 $\frac{1}{2}$	4	6	58.5	41.35	—	—	—
1745	2	8 $\frac{1}{2}$	4	6	49.3	42.78	—	—	—
1746	3	10 $\frac{1}{4}$	4	6	37.7	42.81	—	—	—
1747	3	5 $\frac{1}{2}$	4	6	41.5	42.98	—	—	—
1748	3	7 $\frac{1}{2}$	4	6	39.5	42.67	—	—	—
1749	3	7 $\frac{1}{2}$	4	6	39.5	42.71	42.8	—	—
1750	3	2 $\frac{1}{2}$	4	7	45.7	44.40	43.0	—	—
1751	3	9 $\frac{1}{2}$	4	8	39.3	45.21	42.7	—	—
1752	4	1 $\frac{1}{2}$	4	9	36.8	44.63	41.7	—	—
1753	4	5	4	10	35.0	42.28	40.3	—	—
1754	3	5	5	0	46.8	41.11	41.2	—	—
1755	3	3 $\frac{3}{4}$	5	2	49.9	41.17	41.9	—	—
1756	4	5 $\frac{1}{2}$	5	4	38.2	41.22	42.0	—	—
1757	5	11	5	4	28.8	39.95	41.4	—	—
1758	4	11 $\frac{1}{4}$	5	4	34.5	39.45	41.1	—	—
1759	3	11 $\frac{1}{4}$	5	6	44.2	39.92	41.3	41.5	—
1760	3	7 $\frac{1}{4}$	5	7	49.5	40.30	42.3	42.1	—
1761	2	11 $\frac{3}{4}$	5	8	59.9	42.36	43.7	41.9	—
1762	3	10 $\frac{1}{4}$	5	9	47.9	43.47	44.1	42.3	—
1763	4	0 $\frac{1}{4}$	5	10	46.4	44.61	43.4	42.0	—
1764	4	7 $\frac{1}{4}$	5	11	41.1	44.04	42.5	42.1	—
1765	5	4	6	0	36.0	42.65	41.9	42.8	—
1766	4	9 $\frac{1}{2}$	6	2	41.0	42.93	42.0	42.3	—
1767	6	4 $\frac{1}{2}$	6	3	31.4	43.19	41.5	42.0	—
1768	5	11 $\frac{3}{4}$	6	4	33.8	43.12	41.3	41.4	—
1769	4	6 $\frac{1}{4}$	6	5	45.5	43.25	41.5	41.9	42.2
1770	4	10	6	6	43.0	42.62	41.4	42.4	42.2
1771	5	7 $\frac{1}{2}$	6	7	37.4	40.35	41.3	42.7	41.8
1772	6	6 $\frac{1}{4}$	6	8	32.7	38.83	41.1	41.8	41.4
1773	6	6 $\frac{3}{4}$	6	9	32.5	37.48	41.0	41.4	40.9
1774	6	1 $\frac{1}{2}$	6	10	36.6	37.00	40.5	40.7	40.8
1775	5	11	6	11	37.3	37.13	39.8	40.3	41.4

TABLE I.—PART II.—*Continued.*

Years.	Wheat per quart.		Labour per week.		In quarts of wheat per week.	10 years.	20 years.	30 years.	40 years.
	s.	d.	s.	d.					
1776	4	8 ³ / ₄	7	0	47.3	37.76	40.3	40.6	41.1
1777	5	5 ¹ / ₄	7	0	41.1	38.73	40.4	40.3	41.2
1778	4	10	7	0	45.9	39.94	41.5	40.8	41.1
1779	4	0	7	0	56.0	40.99	41.6	41.3	41.7
1780	4	9 ¹ / ₄	7	0	46.7	41.36	41.9	41.3	42.1
1781	5	9 ³ / ₄	7	0	38.5	41.47	40.9	41.4	42.3
1782	5	11 ¹ / ₄	7	0	37.7	41.97	40.4	41.4	42.3
1783	6	0 ¹ / ₄	7	0	37.2	42.40	39.7	41.5	41.6
1784	5	11 ¹ / ₂	7	0	37.5	42.52	39.2	41.1	41.1
1785	5	3	7	0	42.6	43.05	40.0	40.9	41.0
1786	4	8 ¹ / ₂	7	0	47.5	43.07	40.4	41.2	41.2
1787	5	1	7	0	44.0	43.36	41.0	41.4	41.0
1788	5	2 ¹ / ₂	7	1	43.5	43.12	41.5	42.0	41.4
1789	6	2 ¹ / ₂	7	2	37.4	41.26	41.1	41.8	41.3
1790	6	3 ¹ / ₄	7	4	37.1	40.30	40.8	41.4	41.1
1791	5	5 ¹ / ₂	7	6	43.8	40.83	41.1	40.8	41.3
1792	5	2 ¹ / ₂	7	8	46.9	41.75	41.8	40.8	41.5
1793	5	9 ¹ / ₄	7	1	42.2	42.25	42.3	40.8	41.6
1794	5	11	8	0	43.2	42.82	42.6	40.7	41.5
1795	9	0 ¹ / ₄	8	2	28.9	41.45	42.2	40.5	41.0
1796	8	10 ³ / ₄	8	4	30.0	39.70	41.3	40.1	40.8
1797	6	11 ¹ / ₂	9	0	43.6	39.66	41.0	40.5	41.4
1798	6	0 ¹ / ₂	10	0	49.3	40.24	41.6	41.1	41.6
1799	8	3 ¹ / ₂	10	6	40.5	40.55	40.9	40.7	41.5
1800	14	2 ¹ / ₄	11	0	24.8	39.32	39.8	40.3	40.8
1801	14	7 ¹ / ₄	11	6	25.1	37.45	39.1	39.9	40.0
1802	8	5 ¹ / ₂	11	9	44.5	37.21	39.4	40.3	39.99
1803	7	0 ¹ / ₂	12	0	54.3	38.42	40.3	41.0	40.1
1804	7	6 ¹ / ₂	13	6	57.6	39.86	41.3	41.7	40.5
1805	10	11 ³ / ₄	14	6	42.2	41.19	41.3	41.8	40.9
1806	9	10 ¹ / ₂	15	0	48.6	43.05	41.3	41.9	40.8
1807	9	1 ¹ / ₂	15	6	54.2	44.11	41.8	42.3	41.4
1808	9	10 ¹ / ₂	15	6	50.2	44.20	42.2	42.3	41.8
1809	11	11 ¹ / ₄	15	6	41.5	44.30	42.4	42.0	41.7
1810	13	3 ¹ / ₄	15	6	37.4	45.56	42.4	41.5	41.8
1811	11	9 ¹ / ₄	15	3	41.3	47.18	42.3	41.8	41.7
1812	15	8 ¹ / ₂	15	0	30.6	45.79	42.5	41.5	41.6
1813	13	7 ¹ / ₄	14	6	34.0	43.76	41.0	41.4	41.7
1814	9	3 ¹ / ₄	14	0	48.4	42.84	41.3	41.8	42.0
1815	8	0 ¹ / ₂	13	6	53.7	43.99	42.5	41.5	42.4
1816	9	5 ¹ / ₂	12	0	40.5	43.18	43.1	41.9	22.2
1817	11	10	11	9	31.7	40.93	42.5	41.5	42.0
1818	10	6 ¹ / ₄	11	6	34.9	39.40	41.8	41.2	41.7
1819	9	2 ¹ / ₄	11	0	38.4	39.09	41.6	41.3	41.3
1820	8	3 ¹ / ₄	10	6	40.7	39.42	42.4	41.4	41.1
1821	6	9 ¹ / ₄	10	0	47.2	40.01	43.5	41.5	41.3
1822	5	5 ¹ / ₂	9	6	56.1	42.56	44.1	41.8	41.8
1823	6	2 ¹ / ₄	9	0	46.5	43.81	43.7	41.9	42.0

Average of 90 years 41.6 quarts per week.

TABLE I. PART III.

Showing the extreme fluctuations of the comparative prices of labour and wheat, according to the preceding table.

Average number of Quarts of Wheat which a Week's Labour would purchase.

	Highest.	Lowest.	Extreme Fluctuation.	Above the medium quantity.	Below the medium quantity.	Medium quantity.
In each year,	59.9	24.8	35.1	18.3	16.8	42.3
In each 10 years in succession,	47.1	37.0	10.1	5.5	4.6	42.0
Ditto 20 ditto	44.1	39.1	5.0	2.5	2.5	41.6
Ditto 30 ditto	42.8	39.9	2.9	1.2	1.7	41.3
Ditto 40 ditto	42.4	40.0	2.4	0.8	1.6	41.2

From these tables it would appear that the expense of labour employed in the cultivation of land, one time with another, regulates the medium price of wheat accordingly,—though the market price, owing to the constant fluctuations to which the supply is liable at different seasons of the year, as well as what is occasioned by favourable and unfavourable seasons, and the speculations of farmers and dealers in corn,—yet its comparative price to that labour, has a tendency to return to a natural rate on a long average of years; and we find, according to the last of these tables, that their comparative values are less liable to fluctuate in proportion as the periods are of long duration, and that their relative prices are more regular and less variable as we proceed down the lines of the table.

The prices of wheat inserted in the above table are taken from public documents, sanctioned by Parliament. It would certainly have been more satisfactory to have obtained the price of wheat in Cumberland for each year. If, however, the general theory be true, that the cost of production regulates the medium price of wheat one time with another, the conclusions deduced from the comparative view of prices here stated, are no less to be relied upon, since it shows that the relations of value, between labour and corn, maintain their due proportions over all the kingdom, according to the peculiar circumstances of each district, and that, finally, the same law of relative value adjusts itself over all the world.

It is said that it is difficult to ascertain the annual price of farm labour with any degree of certainty. As we wish to ascertain the comparative rise or fall of its price only, and surely that is all which is required, nothing would appear more easy. If the annual wages paid to unmarried servants, who are hired from one half year to another, and have board and lodging found them, be taken as the basis of such estimates, it is no way difficult to approximate the truth very nearly, though not with the same positive certainty with which a piece of gold can be weighed and assayed. For the manner in which the prices of labour inserted in this table have been estimated, see Table XIII. in the Appendix.

In collecting the materials from which the preceding table is formed, the chief object the author had in view was that of either proving or disproving the main theory he entertained, namely, that the cost of production regulated the natural price of wheat and other sorts of cultivated produce raised from land. He commenced his labours upon this head in the year 1814, and having got the rough outline completed for ten years, he found that the comparative prices of labour and wheat agreed so nearly with what Dr. Adam Smith has stated to have been their relative prices in France through a period of seventy years, he was encouraged to inquire more deeply into the subject, and the more extensively that inquiry has been prosecuted, the author is more satisfied of the truth of the general theory he has adopted, and that its bearings are regulated by causes as efficient as the movements of the spheres themselves, uniformly returning to periodical proportions, which do not err in the end, however they may be destroyed by temporary incidents.

The original outline of this table was first published in the Farmers' Journal newspaper in the year 1814. From what has been lately stated in the Dumfries Courier, it appears that the fiars of Wigtonshire have been in some measure determined by the price of labour since the year 1813, and that too sanctioned by the opinion of the late Mr. Horner, M. P. I should rather have entertained an opinion, that the fiars ought to have referred to the annual price of farm labour only; and more particularly to the wages of able-bodied servants hired into the house, as there is less difficulty in approximating the exact amount of their wages, than by referring to the weekly earnings of day labourers engaged occasionally. In short, it is obvious, that in proportion as the principles of political economy are better understood, we shall become more intimately acquainted with the prices paid for the different sorts of labour, and treasure up a body of facts which must ultimately lead to the adoption of a currency infinitely more steady in its value than any definite quantity of the precious metals can secure.

In truth, political economy can never deserve the name of a science until its leading principles are more clearly defined, and the manner in which labour enters into the component cost of commodities is more distinctly ascertained. It will hardly be denied by any one that the most intimate connexion must at all times exist between population, labour, and the production of the necessities of life. Upon that connexion the whole relative fabric evidently depends; and the fine balance at all times existing between the cultivated and the natural produce of land must ever have a tendency to adjust all the proportions and relations of the social system with the most astonishing regularity.

So well assured was the late Mr. Ricardo of the importance of the distribution of the animal produce of the soil among landowners, farmers, and labourers, the seed and horse provender of cultivated land first deducted, that he considered it the principal problem in political economy. And in the opinion of the writer of this work, the preceding table throws an immense deal of light upon the main question, does the cost of production regulate the natural price of corn? Along with Mr. Ricardo he readily answers the question in the affirmative.

TABLE II.

The price of Wheat per quarter annually, its average price on each ten years preceding, in succession ; the exports and imports of that grain, and the excess of importation or exportation on each ten years preceding in succession.

Years.	Wheat per quarter.		Ditto, ave- rage of ten years.		Exports. Number of quarters.	Imports. Number of quarters.	Excess of either on each ten years.
	<i>s.</i>	<i>d.</i>	<i>s.</i>	<i>d.</i>			
1708	32	10	0	0	8,969	80	—
1709	62	0	0	0	171,618	1,552	—
1710	61	8	0	0	16,607	400	—
1711	42	8	0	0	80,941	—	—
1712	36	7	0	0	148,557	—	—
1713	40	4	0	0	179,969	—	—
1714	39	9	0	0	180,165	16	—
1715	34	0	0	0	173,237	—	—
							<i>Exports.</i>
1716	37	11	0	0	75,876	—	113,500
1717	36	1	42	4	25,637	—	112,551
1718	30	8	42	2	74,381	—	108,635
1719	27	8	38	8	130,533	20	115,400
1720	29	3	35	5	84,343	—	115,509
1721	29	8	31	1	82,748	—	—
1722	28	5	33	3	178,915	—	118,630
1723	27	5	32	1	158,082	—	116,441
1724	29	3	31	0	247,162	148	123,075
1725	38	4	31	5	211,175	12	126,867
1726	36	4	31	3	143,626	—	133,642
1727	33	2	31	0	31,030	—	134,181
1728	43	1	32	3	3,935	74,571	119,685
1729	37	0	33	2	18,993	40,315	104,497
1730	28	10	33	1	94,530	76	105,507
1731	25	11	32	9	13,650	4	98,587
1732	21	1	32	0	202,612	—	100,967
1733	22	5	31	6	427,425	7	127,900
1734	30	8	31	8	408,747	7	144,073
1735	34	0	31	3	155,280	9	138,483
1736	31	10	30	9	118,218	18	135,938
1737	30	0	30	5	466,071	32	179,442
1738	28	1	28	11	588,284	3	245,334
1739	30	5	28	3	285,492	23	276,014
1740	40	0	29	5	54,391	5,469	271,460
1741	36	11	30	6	45,417	7,540	273,883
1742	26	10	31	1	295,698	1	283,192
1743	19	8	30	10 $\frac{1}{2}$	375,979	3	278,047
1744	19	8	29	8	234,274	2	260,600

TABLE II.—Continued.

Years.	Wheat per quarter.		Ditto aver- age of ten years.		Exports. Number of quarters.	Imports. Number of quarters.	Excess of either in each ten years.
	s.	d.	s.	d.			
1745	21	9	28	6	325,300	6	277,607
1746	30	10	28	5	131,105	—	278,898
1747	27	7	28	2	270,491	—	259,343
1748	29	3	28	3	545,240	6	255,037
1749	29	3	28	2	631,007	382	289,554
1750	25	8	26	8	950,483	280	379,681
1751	30	5	26	1	664,957	3	442,189
1752	33	1	26	8	430,117	—	455,630
1753	35	4	28	3	300,754	—	448,109
1754	27	5	29	0	756,781	201	500,320
1755	26	9	29	5	237,466	—	491,553
1756	35	9	30	0	102,752	5	488,717
1757	47	5	32	0	11,545	141,562	448,667
1758	39	6	33	0	9,234	20,353	393,037
1759	31	6	33	3	227,641	162	352,717
1760	28	10	33	7	393,614	3	297,058
1761	23	11	32	11	441,956	—	274,958
1762	30	10	32	8	295,385	56	261,478
1763	32	2	32	5	429,538	72	274,350
1764	36	11	33	4	396,857	1	238,377
1765	42	8	34	11	167,126	104,547	220,888
1766	38	4	35	2	164,939	11,020	226,006
1767	51	0	35	6	5,071	497,905	189,726
1768	47	10	36	4	7,433	349,268	156,653
1769	36	2	36	10	49,892	4,378	138,456
1770	38	9	37	10	75,449	34	103,636
1771	45	1	39	11	10,089	2,510	63,198
1772	52	2	42	1	6,959	25,474	31,814
							<i>Imports.</i>
1773	52	7	44	1	7,637	56,857	16,550
1774	49	0	45	4	15,928	289,149	83,063
1775	47	5	45	10	91,037	560,988	136,315
1776	37	11	45	9	210,664	20,578	132,699
1777	43	0	45	0	87,686	233,323	97,978
1778	39	1	44	2	141,070	106,394	60,328
1779	32	2	43	9	222,261	5,039	43,159
1780	38	4	43	8	224,059	3,915	28,685
1781	46	7	43	10	103,021	159,866	35,128
1782	47	7	47	7	145,152	80,695	64,457
1783	48	2	42	11	51,943	584,183	75,133
1784	47	9	42	9	89,288	216,947	60,578
1785	42	8	42	4	132,685	110,863	11,399
1786	37	6	42	3	205,466	51,463	15,007

TABLE II.—*Continued.*

Years.	Wheat per quarter.	Ditto, ave- rage of ten years.	Exports. Number of quarters.	Imports. Number of quarters.	Excess of either on each ten years.
	<i>s. d.</i>	<i>s. d.</i>			<i>Exports.</i>
1787	40 8	42 0	120,536	59,339	5,676
					<i>Imports.</i>
1788	43 10	42 5	82,971	148,710	4,366
1789	49 11	44 3	140,014	112,656	23,350
1790	49 11	45 5	30,892	222,557	64,531
1791	43 10	45 1	70,626	469,056	98,689
1792	41 10	44 6	300,278	22,417	77,344
1793	46 7	44 5	76,869	490,398	66,287
1794	47 5	44 4	155,048	327,902	71,146
1795	72 3	47 3	18,839	313,798	103,446
1796	71 1	50 8	24,679	879,200	205,566
1797	55 8	52 2	54,525	461,767	252,797
1798	48 7	52 7	59,782	396,721	280,897
1799	66 4	54 3	39,362	463,185	325,993
1800	113 7	60 7	22,013	1,264,520	426,694
1801	118 3	68 1	48,406	1,424,766	526,487
1802	67 5	70 8	149,304	647,664	604,169
1803	56 6	71 8	76,580	373,725	592,471
1804	60 1	72 11	63,073	461,140	614,992
1805	87 10	74 6	77,955	920,834	669,784
1806	79 0	75 3	29,566	310,342	612,409
1807	73 3	77 1	24,365	400,759	609,324
1808	179 0	80 1	77,567	81,466	576,020
1809	95 7	83 0	31,278	448,487	575,359
1810	106 2	82 3	75,785	1,530,691	596,599
1811	94 6	79 10	97,765	292,038	476,390
1812	125 5	85 7	46,325	246,376	446,559
1813	108 9	90 10	144,589	357,514	438,137
1814	74 0	92 4	185,412	465,699	426,359
1815	64 4	90 0	226,236	955,801	415,028
1816	75 10	89 8	289,930	329,710	390,928
1817	94 9	91 10	194,385	315,775	365,428
1818	84 3	92 4	372,841	1,797,181	507,472
1819	73 4	90 1	—	—	—
1820	65 7	86 1	—	—	—
1821	54 5	82 1	—	—	—
1822	43 3	73 10	—	—	—
1823	49 7	68 0	—	—	—

Importation
for home use
restricted.

TABLE III.

In the following table, the average price of wheat in each ten years since 1709, is so arranged that it commences with the lowest prices, and proceeds regularly to the highest prices, without any regard to successive dates. The average excess of the exportation or importation of wheat, on an average of ten years, is placed to each date respectively.

Ten Years ended with	Wheat per Quarter for Ten Years.		Excess of Exportation of Wheat in Ten Years.	Ten Years ended with	Wheat per Quarter for Ten Years.		Excess of Exportation of Wheat in Ten Years.
	s.	d.	Quarters.		s.	d.	Quarters.
1751	26	1	442,189	1757	32	0	448,667
1754	26	8	455,631	1730	82	0	100,967
1750	26	8	379,681	1723	32	1	116,441
1749	28	2	289,554	1728	32	3	119,685
1747	28	2	259,343	1763	32	5	274,350
1739	28	3	276,014	1762	32	8	261,478
1748	28	3	255,037	1731	32	9	98,587
1746	28	5	278,898	1761	32	11	274,958
1745	28	6	277,607	1758	33	0	393,037
1738	28	11	245,334	1730	33	1	105,507
1754	29	0	500,320	1729	33	2	104,497
1755	29	5	491,553	1722	33	3	118,630
1740	29	5	271,460	1759	33	3	352,717
1744	29	8	260,600	1764	33	4	238,877
1756	30	0	488,717	1760	33	7	297,058
1737	30	5	179,442	1765	34	11	220,888
1744	30	6	273,883	1766	35	2	226,006
1736	30	9	135,938	1720	35	5	84,343
1724	31	0	123,075	1761	35	6	189,726
1721	31	1	115,769	1768	36	4	156,653
1727	31	1	134,181	1769	36	10	138,456
1742	31	1	283,192	1770	37	10	103,636
1726	31	3	143,626	1719	38	8	130,533
1735	31	3	138,483	1771	39	11	63,198
1725	31	5	211,163	1787	42	0	5,676
1733	31	6	127,900	1772	42	1	31,814
1734	31	8	144,073	1718	42	2	74,381
<i>Importation Commences.</i>							
1786	42	3	15,007	1779	43	9	43,159
1785	42	4	11,399	1781	43	10	35,128
1788	42	5	4,366	1773	44	1	16,550
1784	42	9	60,578	1778	44	2	60,328
1783	42	11	75,133	1789	44	3	23,350
1780	43	8	28,685	1794	44	4	71,146

TABLE III.—*Continued.*

Ten Years ended with	Wheat per Quarter for Ten Years.		Excess of Im- portation of Wheat in Ten Years.	Ten Years ended with	Wheat per Quarter for Ten Years.		Excess of Im- portation of Wheat in Ten Years.
	s.	d.	Quarters.		s.	d.	Quarters.
1793	44	5	66,287	1804	72	11	614,992
1792	44	6	77,334	1805	74	6	669,784
1777	45	0	97,978	1806	75	3	612,409
1791	45	1	98,689	1807	77	1	609,324
1774	45	4	83,063	1811	79	10	476,390
1790	45	5	64,531	1808	80	1	576,020
1776	45	9	132,699	1810	82	3	596,599
1775	45	10	136,315	1809	83	0	575,359
1795	47	3	103,446	1812	85	7	465,599
1796	50	8	205,566	1820	86	1	—
1797	52	2	252,797	1816	89	8	390,928
1798	52	7	280,897	1815	90	0	415,028
1799	54	3	325,993	1819	90	1	—
1800	60	7	426,694	1813	90	10	438,137
1801	68	1	526,487	1817	91	10	365,428
1802	70	8	604,109	1814	92	4	426,359
1803	71	8	592,171	1818	92	4	507,472

The most remarkable feature in this table is, that when the average price of wheat has risen above 42s. 2d. per quarter, exportation ends, and importation begins. If we run the eye up the columns from 42s. 2d. per quarter to the beginning of the table, there is obviously a great tendency to more extensive exportations; on the contrary, the importations are generally larger in proportion as the prices rise. While the annual price of wheat was above 38s. 8d. per quarter, the exportations did not amount to 100,000 quarters, and were almost uniformly above that quantity, while the price was below that sum; above 35s. 2d. the average exportations never amounted to 200,000 quarters; above 33s. 3d. to 300,000 quarters; above 32s. to 400,000; and above 29s. they never amounted to 500,000. The importation of wheat, on an average of ten years, never exceeded 100,000, while the price was below 45s. 9d. per quarter; nor above 200,000, below 50s. 8d.; 300,000, below 54s. 3d.; 400,000, below 60s. 7d.; 500,000, below 68s. 1d.; nor 600,000, below 70s. 8d. Thus, extensive exportations occasioned low prices, and importations high prices. Though the exportations of wheat from England produced lower and lower prices, in proportion as they were extensive, and higher prices in proportion as the importations were greater, yet we may conclude that, in proportion as Poland exported less wheat, she would receive lower prices, and that when a larger quantity was exported, the price would advance; and thus exhibit a train of phenomena directly opposite to that of England. In the former country the price of labour would rise in

proportion as more corn was exported, and the demand for that labour would be more efficient ; while in England the price of labour would fall, and its demand be less in proportion as more wheat was exported ; and proportionately as a greater quantity of wheat was imported, labour would be more in demand, and its price higher. These conclusions are supported by a chain of evidence the most complete, as shown by the preceding table. And why is this the case ? Because naturally England is a very superior workshop, and demands an importation of corn ; while Poland, being only indifferently adapted to the carrying on of manufactures, she naturally exports that corn which England imports, according to those common consequences of cause and effect which produce commercial intercourse.

As commercial intercourse is evidently the chief cause of national wealth and high prices, or a low value of the metals of coinage, so measures that impede the natural extension of commerce have a tendency to produce low prices, while a prosperous state of trade and manufactures uniformly occasion an efficient demand for labour, great powers of production, and high prices measured in bullion.

Gain is the chief object of the various affairs in which the capitalist embarks his property. In the pursuit of his own interests, he promotes those of his country ; and the profits he derives from foreign trade are proportionate to the demands which that trade holds out. The anticommercial system, on the other hand, prevents each nation from profiting by the relative superiority of trade which climate, soil, local conveniences, and natural productions, present. The peculiar advantages possessed by each nation are therefore lost when the natural interchange of commodities is obstructed, and those "EXPORTABLE COMMODITIES" which circulate money between one country and another, by being exchanged for a less quantity of that money, in proportion as restrictions are resorted to, occasion diminished prices. So the English corn laws, which lower the price of corn in Poland, by an ultimate reaction, keep down the price of those commodities which England exports to Poland. According to similar principles, every monopoly and restrictive duty that obstruct the natural channels of foreign trade, prevent the prices of commodities in general from rising so high as they would do under a state of free trade ; and it therefore follows that a duty of 10s. a quarter imposed upon foreign wheat imported into England, (as it is naturally an import commodity, owing to the advantages we possess in the fabrication of manufactures,) would have the effect of keeping down the price of corn in foreign countries, of lowering the price of manufactures exported in exchange for that corn, bringing the precious metals into the country in diminished quantities, and of producing low priced labour and low priced corn in the home market. When any particular nation adopts measures which pervert the natural channels of trade, their own prices at home will ultimately fall in as great a proportion, from the reaction produced upon the commodities they export in exchange, as in those countries from whence free importations are prevented either by prohibitory regulations or restrictive duties. For similar reasons, the duties imposed by foreign nations upon the British manufactures they import, evi-

dently lower the price of those manufactures in foreign markets, and of the prices of labour employed in their fabrication, also of every other description of labour, and of all marketable articles with which labour supplies the market at home. In consequence of Great Britain having less money in circulation, the purchases she makes abroad must be made at a lower rate of prices, and thus a reaction of low prices will occur in each prohibitory nation corresponding with the restrictive regulations they have adopted. America, France, Germany, Prussia, Russia, &c. all exhibit at this moment the clearest evidence of the reaction produced upon prices by the anticommercial policy they have resorted to in opposition to Great Britain. The theory, therefore, which this table illustrates, namely, that every obstacle imposed in the way of free trade, occasions low prices, a surplus of labour above the efficient demand, and a languishing state of foreign commerce, is placed beyond all doubt; and brings directly before the commercial world a question of the most momentous importance.

But the evidence upon which this question rests does not end here. Perhaps the general commerce of the world was never so free as in the twenty years which elapsed between 1787 and 1807. In all the various nations which entered into what may be justly called the great commercial confederacy, the value of money sunk full cent per cent; that is, the prices of labour were everywhere doubled. At the conclusion of this precise period, the present anticommercial system commenced, and the prices of labour have since fallen in many countries from 30 to 40 per cent; and in some states even upward of 50 per cent. A body of most important facts would therefore appear to place the theory, that free trade occasions high prices, and a prohibitory system reverse prices, beyond all doubt; and prove that free trade is the highest interest of the whole world.

Nothing can show more clearly that a free trade in corn is not injurious to British agriculture, than that more waste lands were inclosed during the twenty-five years ending with 1815, when the ports were virtually open to its importation, than during the last one hundred years; a period, too, in which tenant farmers were uniformly prosperous. Nor can any period be more favourable to the total repeal of the corn laws than the present. It is the opinion of many well-informed men, that, with closed ports, the price of wheat, for the ensuing twelve months, cannot be expected to average more than 45s. a quarter,—a price at which heavy importations, judging from past experience, are not likely to be made. Besides, were the ports perfectly free at all times, foreigners would not be induced to fill our warehouses with grain unless its immediate price held out a certain prospect of profit. Would foreign states consent to take off the restrictive duties imposed on our manufactures, on condition that our corn laws were wholly repealed, and their corn permitted to enter our markets duty free, the wages of labour would rise, and corn would bear a higher price: because whatever enhances the price of labour, enhances that of corn also; and nothing else can, on an average of years.

TABLE IV.

Highest East-Lothian Fiars of Wheat, taken on the average of 20 years.

Years.	Total amount on an average of 20 years.	Average price of a boll of wheat annually.
	£ s. d.	£ s. d.
From 1633 to 1653	17 1 10	0 17 1
1653 1673	13 1 4	0 13 0 $\frac{3}{4}$
1673 1693	13 0 5	0 13 0
1693 1713	15 8 6	0 15 5
1713 1733	13 8 0	0 13 4 $\frac{3}{4}$
1733 1753	14 0 11	0 14 0 $\frac{1}{2}$
1753 1773	18 2 1	0 18 1 $\frac{1}{4}$
1773 1793	20 9 0	1 0 5 $\frac{1}{4}$
1793 1813	40 7 3	2 0 4 $\frac{1}{4}$
For the year 1822		1 0 8

Whether we take the price of wheat as a criterion of the comparative rise or fall in the value of money in Scotland or in England, the results are nearly the same, and prove that the rise or fall of prices is influenced by general causes, which extend themselves over the whole commercial world, according to the facilities of producing articles of trade. The variations of the prices of wheat, inserted in the above table, bear a striking correspondence, with respect to dates and amounts, to the rise or fall of the price of farm labour in Cumberland; which shows that there is but little difficulty in ascertaining the prices of labour and corn with much exactness, and sufficient accuracy for every practical purpose.

TABLE V.

The following Table shows the natural price of a quarter of wheat in each year, regulated by the cost of labour employed in its production; and of its market prices, which are also under the influence of favourable and unfavourable seasons. To which is added, the price of farm labour, and the comparative expense of cultivating one hundred acres of land, managed according to the standard farm described in page 63; and also the comparative value in exchange of L.100 current money in each year; which shows clearly the fluctuating character of a standard of value depending upon a definite quantity of the precious metals.

Years.	Market price of wheat per quarter.		Natural price of wheat per quarter.		Farm labour per week.	Comparative ex- pense of cultivat- ing 100 a. of land.			Com. value of £100 in each year.	
	s.	d.	s.	d.	s.	d.	£	s.	d.	
1776	37	11	44	4 $\frac{1}{2}$	7	0	63	10	9	045,1
1777	43	6	44	4 $\frac{1}{2}$	7	0	63	10	9	045,1
1778	39	1	44	4 $\frac{1}{2}$	7	0	63	10	9	045,1
1779	32	2	44	4 $\frac{1}{2}$	7	0	63	10	9	045,1
1780	38	4	44	4 $\frac{1}{2}$	7	0	63	10	9	045,1
1781	46	7	44	4 $\frac{1}{2}$	7	0	63	10	9	045,1
1782	47	7	44	4 $\frac{1}{2}$	7	0	63	10	9	045,1
1783	48	3	44	4 $\frac{1}{2}$	7	0	63	10	9	045,1
1784	47	9	44	4 $\frac{1}{2}$	7	0	63	10	9	045,1
1785	42	8	44	4 $\frac{1}{2}$	7	0	63	10	9	045,1
1786	37	6	44	4 $\frac{1}{2}$	7	0	63	10	9	045,1
1787	40	8	44	4 $\frac{1}{2}$	7	0	63	10	9	045,1
1788	43	10	44	10 $\frac{1}{2}$	7	1	64	5	10	045,6
1789	49	11	45	5	7	2	65	1	0	046,1
1790	49	11	46	5 $\frac{3}{4}$	7	4	66	11	3	047,2
1791	43	10	47	6 $\frac{1}{4}$	7	6	68	1	6	048,3
1792	41	10	48	6 $\frac{3}{4}$	7	8	69	11	9	049,4
1793	46	7	49	7 $\frac{1}{2}$	7	10	71	2	0	050,5
1794	47	5	50	8 $\frac{1}{2}$	8	0	72	12	4	051,6
1795	72	3	51	9	8	2	74	2	6	052,7
1796	71	1	52	9 $\frac{3}{4}$	8	4	75	12	9	053,7
1797	55	8	57	0 $\frac{1}{4}$	9	0	81	13	10	058,0
1798	48	7	63	4 $\frac{1}{4}$	10	0	90	15	4	064,5
1799	66	4	66	6 $\frac{1}{4}$	10	6	95	6	2	067,7
1800	113	7	69	8 $\frac{1}{4}$	11	0	99	17	0	070,9
1801	118	3	72	10 $\frac{1}{4}$	11	6	104	7	9 $\frac{1}{2}$	074,2
1802	67	5	74	5	11	9	106	13	1	075,8
1803	56	6	75	11 $\frac{3}{4}$	12	0	108	18	6	077,4
1804	60	1	85	6 $\frac{3}{4}$	13	6	122	10	9	087,0
1805	87	10	91	10 $\frac{3}{4}$	14	6	131	12	3	093,4
1806	79	0	95	0 $\frac{1}{2}$	15	0	136	3	0	096,6
1807	73	3	98	2 $\frac{1}{4}$	15	6	140	13	9	100,0
1808	79	0	98	2 $\frac{1}{4}$	15	6	140	13	9	100,0
1809	95	7	98	2 $\frac{1}{4}$	15	6	140	13	9	100,0
1810	106	2	98	2 $\frac{1}{4}$	15	6	140	13	9	100,0
1811	94	6	96	7 $\frac{1}{4}$	15	3	138	8	4 $\frac{1}{2}$	098,3
1812	125	5	95	0 $\frac{3}{4}$	15	0	136	3	0	096,6
1813	108	9	91	10 $\frac{3}{4}$	14	6	131	12	3	093,4
1814	74	0	88	8 $\frac{3}{4}$	14	0	127	1	6	090,2
1815	64	4	85	6 $\frac{1}{2}$	13	6	122	10	9	087,0
1816	75	10	75	11 $\frac{3}{4}$	12	0	108	18	6	077,4
1817	94	9	74	5	11	9	106	13	1	075,8
1818	84	3	72	10 $\frac{1}{4}$	11	6	104	7	9 $\frac{1}{2}$	074,2
1819	73	4	69	8 $\frac{1}{4}$	11	0	99	17	0	070,9
1820	65	7	66	6 $\frac{1}{4}$	10	6	95	6	2	067,7
1821	54	5	63	4 $\frac{1}{4}$	10	0	90	15	4	064,5
1822	43	3	60	2 $\frac{1}{4}$	9	6	86	4	7	061,2
1823	49	7	57	0 $\frac{1}{4}$	9	0	81	13	10	058,0
1824			60	2 $\frac{1}{4}$	9	6	86	4	7	061,2

TABLE VI.

Shows the comparative difference in each year between the natural price of a quarter of wheat, and its actual market price since the year 1775.

Years.	Market Price per Quarter.		Natural Price per Quarter.		Mar. Price above the Average.		Mar. Price below the average.		Comparat. Variation in each year.
	s.	d.	s.	d.	s.	d.	s.	d.	
1777	43	6	44	4 $\frac{1}{2}$			0	10 $\frac{1}{2}$	98
1778	39	1	44	4 $\frac{1}{2}$			5	3 $\frac{1}{2}$	88
1779	32	2	44	4 $\frac{1}{2}$			12	2 $\frac{1}{2}$	72
1780	38	4	44	4 $\frac{1}{2}$			6	0 $\frac{1}{2}$	86
1781	46	7	44	4 $\frac{1}{2}$	2	3 $\frac{1}{2}$			104
1782	47	7	44	4 $\frac{1}{2}$	3	2 $\frac{1}{2}$			107
1783	48	3	44	4 $\frac{1}{2}$	3	10 $\frac{1}{2}$			108
1784	47	9	44	4 $\frac{1}{2}$	3	4 $\frac{1}{2}$			107
1785	42	8	44	4 $\frac{1}{2}$			1	8 $\frac{1}{2}$	96
1786	37	6	44	4 $\frac{1}{2}$			6	10 $\frac{1}{2}$	84
1787	40	8	44	4 $\frac{1}{2}$			3	8 $\frac{1}{2}$	91
1788	43	10	44	10 $\frac{1}{2}$			1	0 $\frac{1}{2}$	97
1789	49	11	45	5	4	6			109
1790	49	11	46	5 $\frac{3}{4}$	3	5 $\frac{1}{4}$			107
1791	43	10	47	6 $\frac{1}{4}$			3	8 $\frac{1}{4}$	92
1792	41	10	48	6 $\frac{3}{4}$			9	8 $\frac{3}{4}$	87
1793	46	7	49	7 $\frac{1}{2}$			3	0 $\frac{1}{2}$	93
1794	47	5	50	8 $\frac{1}{2}$			3	3	93
1795	72	3	51	9	20	6			139
1796	71	1	52	9 $\frac{3}{4}$	18	3 $\frac{1}{4}$	54	6	134
1797	55	8	57	0 $\frac{1}{4}$					97
1798	48	7	63	4 $\frac{1}{4}$			1	4 $\frac{1}{4}$	76
1799	66	4	66	6 $\frac{1}{4}$			17	9 $\frac{1}{4}$	99
1800	113	7	69	8 $\frac{1}{4}$	43	10 $\frac{3}{4}$	0	2 $\frac{1}{4}$	163
1801	118	3	72	10 $\frac{1}{4}$	45	4 $\frac{3}{4}$			162
1802	67	5	74	5			7	0	90
1803	56	6	75	11 $\frac{3}{4}$			19	5 $\frac{3}{4}$	74
1804	60	1	85	6 $\frac{1}{2}$			25	5 $\frac{1}{2}$	70
1805	87	10	91	10 $\frac{3}{4}$			4	0 $\frac{3}{4}$	95
1806	79	0	95	0 $\frac{1}{2}$			16	0 $\frac{1}{2}$	83
1807	73	3	98	2 $\frac{1}{4}$			24	11 $\frac{1}{4}$	74
1808	79	0	98	2 $\frac{1}{4}$			19	2 $\frac{1}{4}$	80
1809	95	7	98	2 $\frac{1}{4}$			2	7 $\frac{1}{4}$	97
1810	106	2	98	2 $\frac{1}{4}$	7	11 $\frac{3}{4}$			108
1811	94	6	96	7 $\frac{1}{4}$			2	1 $\frac{1}{4}$	97
1812	125	5	95	0 $\frac{1}{2}$	30	4 $\frac{1}{2}$			131
1813	108	9	91	10 $\frac{3}{4}$	16	10 $\frac{1}{4}$			117
1814	74	0	88	9			14	9	83
1815	64	4	85	6 $\frac{1}{2}$			21	2 $\frac{1}{2}$	75
1816	75	10	75	11 $\frac{3}{4}$			0	1 $\frac{3}{4}$	99
1817	94	9	74	5	20	4			127
1818	84	3	72	10 $\frac{1}{4}$	11	4			115
1819	73	4	69	8 $\frac{1}{4}$	3	7			105
1820	65	7	66	6 $\frac{1}{4}$			0	11 $\frac{1}{4}$	99
1821	54	5	63	4 $\frac{1}{4}$			8	11 $\frac{1}{4}$	88
1822	43	3	60	2 $\frac{1}{4}$			16	11 $\frac{1}{4}$	71

It would seem to appear, from the preceding Table, that a rent regulated by the expense of cultivating land, or by the comparative price of labour, is equally as satisfactory on an average of years as the market price of wheat, or any other grain; and that its annual variations never exceed those which mark the imperfections of gold as a standard of value. A rent regulated in amount by the price of labour is therefore greatly to be preferred to one which depends upon the annual price of corn, as the amount of annual payments is nearly the same in the long run, but much more regular and agreeable to the convenience both of landlords and tenants. Besides, if it were wished that the rent should be finally regulated by the price of corn, the balances between a labour and a corn rent might be paid up at the end of every stated number of years, or at the end of the term contracted for, as parties could agree; which would retain all the intentions of a corn rent without its amount being subject to those annual irregularities which render a corn rent so extremely objectionable.

TABLE VII.

In the following Table the average price of wheat per quarter in England is given in current money, or in Bank paper when depreciated, since the year 1797, and in bullion at the standard rate of L.3, 17s. 10½d per ounce; also in standard money in each successive five years, along with the amount of the depreciation of Bank paper in each year.

Years.	Per Quarter in Paper Money.			Ditto in Standard Money.		Ditto in each successive year.			Depreciation of Paper Money per cent.
	£	s.	d.	£	s.	£	s.	d.	
1797	2	13	1	2	13				
1798	2	10	3	2	10				
1799	3	7	6	3	5				
1800	5	13	7	5	4				3
1801	5	18	3	5	7	3	16	1	9
1802	3	7	5	3	3	3	18	2	10
1803	2	16	6	2	14	3	19	1	6
1804	3	0	1	2	18	3	17	8	3
1805	4	7	10	4	8	3	14	6	3
1806	3	19	0	2	16	3	8	4	3
1807	3	13	3	3	11	3	9	10	3
1808	3	19	0	2	16	3	14	2	3
1809	4	15	7	4	1	3	18	9	17,5
1810	5	6	2	4	8	3	18	10	19,5
1811	4	14	6	3	15	3	18	8	25
1812	6	5	5	5	0	4	4	7	24,5
1813	5	8	9	3	18	4	5	4	38
1814	3	14	0	2	16	4	0	1	30
1815	3	4	4	2	13	3	13	2	19,2
1816	3	15	10	3	13	3	12	9	3
1817	4	14	9	4	12	3	11	2	2,5
1818	4	4	3	4	0	3	11	6	4,5
1819	3	13	4	3	11	3	14	2	2,7
1820	3	5	7	3	5	3	16	10	
1821	2	14	5	2	14	3	15	10	
1822	2	3	3	2	3	3	3	0	
1823	2	9	7	2	9	2	16	10	

According to this table, the average price of wheat per quarter in England, in standard money, for the five years ending 1823, was L.1, 3s. 3d. per quarter less than for the five years which elapsed with 1814, the year preceding the enactment of our famous corn bill. Nor is it probable that the average price of wheat for the five years ending 1824 will exceed L.2, 13s. per quarter. But in the five years preceding 1813, measured in paper money, the average price of wheat was L.5, 6s. 1d. per quarter, while its bullion price, during the same period, was L.4, 5s. per quarter, or L.1, 8s. 2d. a quarter more than the five years closed with 1823.

TABLE VIII.

The following estimates are formed from statements made by Mr. Malthus, in his "Principles of Political Economy."

No. of Years.	Years com-mencing with	Labour per week in cur-rent money.	Price of wheat per quarter.	Labour in quarts of wheat p. week.	Quantity of fine silver earned by a labourer p. week.
		<i>s. d.</i>	<i>s. d.</i>		<i>oz. dw. gr.</i>
32 10	1350	1 3	5 4	36.0	0 12 8
	1413	1 6	8 8	43.1	0 10 9
	1434	2 0	10 8	48.0	0 14 19
56 or 56	1444	2 3	6 0	96.0	0 14 19
	1444	2 0	6 11	85.3	0 13 4
	1495	2 3	6 3½	9.11	0 13 7
5 10	1575	4 0	22 2	46.1	0 14 19
	1598			34.2	
	1598			38.4	
5	1601	5 0	42 0	30.4	0 17 9
	1646	7 0	64 7	29.8	1 5 1
	1661	7 0	49 3	36.3	1 5 1
20	1646	7 0	50 0¾	35.7	1 5 1
35	1665	6 0	42 6	36.1	1 1 11
10	1737	5 0	30 5¾	41.9	0 17 21
5	1766	7 4½	47 8	39.6	1 6 9
5	1810	14 6	92 0	40.3	2 10 9

Average from 1444 to 1495 by Mr. M.	90.8	2d period.
Ditto 1350 to 1444 by do.	42.3	1st period.
Ditto 1575 to 1700 by do.	35.8	3d period.
Ditto 1737 to 1810 by do.	40.6	4th period.

Average, 39.5

From James Ferguson's, F. R. S. Mechanical Exercises, page 166.

From 1327 to 1418	2 1½	0 15 0	36.2	} 39.4
1418 to 1524	1 10½	0 11 3	42.6	

By dividing the data collected from former writers by Mr. Malthus into four periods, as marked in the table above, and arranged in continuation, the second period presents a most strange anomaly, while the comparative prices of labour and wheat in the other three periods, give a general result nearly agreeing with what Dr. Smith states to have been their comparative prices in France during a period of seventy years, and also nearly agreeing with their comparative prices in Table I. Part II. of this Appendix; and, for the sake of preserving round numbers, we shall suppose that, if the price of a week's labour be represented by 40, the natural price of a bushel of wheat will be 32; that is, when labour is 10s. per week, the natural price of wheat will be 8s. per bushel. The remarkable coincidence of these statements, collected by different individuals, and from what might be supposed to be very imperfect and uncertain data, is strongly in favour of the positions assumed in this work; and though Mr. Malthus gives a period inconceivably anomalous, yet Mr. Ferguson, who was well known to be a most careful inquirer, has collected data of the prices of labour and wheat in this very period, which nearly agree in their relative proportions with those collected by Mr. Malthus in the other three periods.

TABLE IX.

Estimated from extracts out of Barton's "Inquiry into the Causes of the Depreciation of Agricultural Labour in Modern Times."

Years.	Labour in Money per week.	Wheat per quarter.	Labour in quarts of wheat per week.	Labour in fine silver per week.	Averages of the different periods in wheat per week.
1495	<i>s. d.</i> 1 10½	<i>s. d.</i> 4 10	<i>s. d.</i> 99 5	<i>oz. dwt. gr.</i> 0 13 7	32—1st.
1593	2 6	15 9	41 0	0 9 6	
1610	3 5	37 8	23 0	0 12 5	
1651	6 10	69 1	24 0	1 4 11	33,4—2d.
1661	6 9	54 0	30 5	1 4 4	
1682	5 11	45 3	33 0	1 1 8	
1685	3 11	39 4	25 5	0 14 0	
1725	5 4	34 5	39 5	0 19 2	
1751	6 0	32 0	48 0	1 1 11	36,7—3d.
1770	7 4	47 8	39 5	1 6 6	
1790	8 1	50 0	41 0	1 8 22	
1796	8 11	64 10	35 0	1 11 22	
1803	11 5	91 8	31 5	1 19 23	
					34,2, General average.

The results of the data collected by Mr. Barton furnish proportions between the prices of labour and wheat something different. But as he commenced his inquiries for the purpose of proving a fa-

vourite theory, which theory is obviously unsound, and yet his statements go to prove that the proportionate prices of labour and wheat have remained the same, and that the husbandry labourer is no worse rewarded in our own times than formerly, except it be where poor's rates have been converted into the wages of labour.

TABLE X.

Estimated by the author of this work from data collected by Sir George Shuckburgh, on the prices of labour and wheat at different periods of time.

Years.	Labour in Money per week.		Wheat per quarter.		Labour in quarters of Wheat per week.	Labour in fine silver per week.			Averages of the different periods in Wheat per week.
	s.	d.	s.	d.		oz.	dwt.	gr.	
1150	1	0	3	0	85.3	0	11	2	28.5—1st.
1350	1	6	15	0	25.6	0	14	16	
1450	1	10½	11	4	42.3	0	13	20	
1550	2	0	15	0	34.1	0	3	8	
1600	3	0	32	4	21.5	0	11	2	
1625	3	3	39	4	21.1	0	11	15	
1675	3	9	36	0	26.6	0	13	10	40.8—2d.
1720	4	0	35	0	29.2	0	14	7	
1740	5	0	29	4	46.2	0	17	21	
1760	5	6	30	6	43.4	0	19	16	
1780	7	0	35	8	50.2	1	5	1	
1795	8	7½	62	8	35.0	1	9	17	

Like Mr. Barton, Sir George Shuckburgh collected his data for the purpose of proving a favourite theory; namely, that the depreciation of the value of our current money unit had been constantly going on ever since the year 1150; and conformably with this theory, he seems to have inserted such prices in his table only as were agreeable to the position he maintained. Thus, in the column in which the prices of labour are given, those prices appear to have been constantly rising in amount. But it must be observed that, in 1450, the data he has collected make the proportionate price of a week's labour, and a bushel of wheat as 42.3 is to 32; which differs materially from the famous statements of Dr. Copleston, Mr. Malthus, and Mr. Barton. It is not a little singular, however, that the average of the last five statements made by Sir George, give a proportionate price between a week's labour, and a bushel of wheat of 40.8 to 32, nearly agreeing with the proportions, Table I. Part 2. inserted in this Appendix.

It is evident that Sir George Shuckburgh had not the least conception of a natural price of wheat, regulated by population and the labour employed in the cultivation of land. For he makes the proportionate prices between labour and wheat, in the year 1780, as 50.2 is to 32; and those of 1795 as 35 is to 32. The error is here so manifest as to require no further refutation; and yet it is singu-

lar enough that, when these seeming blunders are balanced with each other, they give a medium result, nearly agreeing with those of Dr. Smith and Mr. Malthus.

TABLE XI. PART I.

We shall now endeavour to present the reader with a view of the last three tables, arranged in such a manner as to show the quantity of fine silver earned by a farm labourer per week, in a regular succession of dates, with the authority of the data from which these estimates are made, annexed to each statement.

Years.	Earnings per week in current Money.	Quantity of fine silver in the current pound Sterling.	Quantity of fine silver earned per week.	Authorities.
	s. d.	oz. dw. gr.	oz. dw. gr.	
1150	1 0	11 2 0	0 11 2	Sir George.
1350	1 6	9 17 18	0 14 16	Ditto.
1350	1 3	9 17 18	0 12 8	Malthus.
1413	1 6	6 18 18	0 10 9	Ditto.
1434	2 0	7 8 0	0 14 19	Ditto.
1444	2 0	7 8 0	0 14 19	Ditto.
1450	1 10 $\frac{1}{2}$	7 8 0	0 13 20	Sir George.
1495	2 3	5 18 10	0 13 7	Malthus.
	1 10 $\frac{1}{2}$		0 11 2	Barton.
1575	4 0	3 14 0	0 14 19	Malthus.
1593	2 6		0 9 6	Barton.
1600	3 0		0 11 2	Sir George.
1601	5 0	3 11 15	0 17 21	Malthus.
1610	3 5		0 12 5	Barton.
1625	3 3		0 11 15	Sir George.
1646	7 0		1 5 1	Malthus.
1651	6 0		1 4 11	Barton.
1661	7 0		1 5 1	Malthus.
	6 9		1 4 4	Barton.
1675	3 9		0 13 10	Sir George.
1682	5 11		1 1 8	Barton.
	6 0		1 1 11	Malthus.
1685	3 11		0 14 0	Barton.
1720	4 0		0 14 7	Sir George.
1725	5 4		0 19 2	Barton.
1737	5 0		0 17 21	Malthus.
1740	5 0		0 17 21	Sir George.
1751	6 0		1 1 11	Barton.
1760	5 6		0 19 16	Sir George.
1766	7 4 $\frac{1}{2}$		1 6 9	Malthus.
1770	7 4		1 6 6	Barton.
1780	7 0	3 11 15	1 5 1	Sir George.
1790	8 1		1 8 22	Barton.
1795	8 7 $\frac{1}{2}$	3 9 12	1 10 0	Sir George.
1796	8 11	3 11 15	1 11 22	Barton.
1803	11 5	3 9 12	1 19 23	Ditto.
1808	14 6		2 10 9	Malthus.

If we withdraw from this table the accounts of the prices of labour in the years 1413, 1593, and 1601, it presents an extraordinary equality in the prices of labour, measured in fine silver, through a period of 475 years; for we find that the greatest variation in these accounts is no more than from 11 dwt. 2 grains to 14 dwt. 19 grains, which is a mere trifle when we consider the diversified data from which they have been collected; together with the very considerable alterations that were made in the denominations of our current money during that period of time, but which appears to have effected no perceivable alteration in the exchange between labour and silver. Thus, in the year 1150 we find labour 1s. per week; in 1495, 1s. 10¹/₂d.; and in 1600, 3s. per week; yet the real exchange between labour and silver remained the same; namely, 11 dwt. 2 grains per week. Again, in 1434, we find labour 2s. per week, and in 1575, 4s. per week; yet the exchange of a week's labour for fine silver was, in both cases, 14 dwt. 19 grains.

From the year 1646 to 1682, with the exception of the year 1675, the accounts here given of the prices of labour are equally uniform and steady, the greatest fluctuation being from 1 oz. 1 dwt. 8 grains per week, to 1 oz. 5 dwt. 1 grain. From 1685 to 1760, if we omit the year 1751, the price of labour was uniformly below 1 oz. of fine silver per week, while in the preceding period it was, with the exception of a single instance, always exchanged for upwards of 1 oz. In the year 1766, immediately after a free trade in corn, the price of labour rose to the unprecedented price of 1 oz. 6 dwt. 9 grains of fine silver per week; in the year 1790 it rose to a still higher rate; and in the year 1808 it rose to the uncommon price of 2 oz. 10 dwt. 9 grains of fine silver per week, or more than twice the price of the year 1780.

This table, formed out of materials extremely disjointed, and collected from sources the most questionable, nevertheless presents a body of accounts surprisingly uniform, and of great importance. The first period of 475 years shows that nothing is more easy to obtain than an accurate account of the annual price of farm labour, however its real price may be disguised by the complicated operations of a depreciating currency. It also proves that until more productive mines, foreign commerce, bank paper, mechanical inventions, capital, credit, and commercial policy, were introduced, the exchangeable value between labour and silver remained nearly invariable during a period of perhaps not less than 500 years; while, in our own days, owing to the circumstances just pointed out, the exchange between labour and silver may vary in the proportion of one to two, or two to one, in the course of a very few years.

TABLE XI. PART II.

Exhibits the weekly money earnings of farm labourers in Cumberland, from the year 1730 to the year 1824, in the current money of the time; in the quantity of fine silver that money would exchange for; and in the standard money of each year, showing at the same time the amount of the depreciation of bank paper when compared with standard money.

Years.	Farm Labour per Week in Cumber-land.		Fine Silver in the Current Pound of England.	Fine Silver earned per Week by Farm Labourers.	Deprecia- tion of the Currency per Cent.	Farm La- bour in Standard Money.	
	s.	d.	oz. dwt. gr.	oz. dwt. gr.		s.	d.
1730	4	8	3 11 15	0 16 16			
1740	4	6	. . .	0 16 2			
1754	5	0	. . .	0 17 21			
1759	5	6	. . .	0 19 16			
1765	6	0	. . .	1 1 11			
1770	6	6	. . .	1 3 6			
1776	7	0	. . .	1 5 1			
1787	7	0	. . .	1 5 1			
1788	7	1	. . .	1 5 8			
1789	7	2	. . .	1 5 22			
1790	7	4	. . .	1 6 6			
1791	7	6	. . .	1 6 20			
1792	7	8	. . .	1 7 11			
1793	7	10	. . .	1 8 1			
1794	8	0	. . .	1 8 16			
1795	8	2	3 9 12	1 8 9	0 3		
1796	8	4	3 11 15	1 9 20			
1797	9	0	. . .	1 12 5			
1798	10	0	. . .	1 15 19			
1799	10	6	3 9 12	1 16 11	3 0		
1800	11	0	3 5 17	1 16 7	9 0		
1801	11	6	3 5 3	1 17 11	10 0		
1802	11	9	3 7 13	1 19 15	3 0		
1803	12	0	3 9 12	2 1 16			
1804	13	6	. . .	2 6 22			
1805	14	6	. . .	2 10 9			
1806	15	0	. . .	2 12 3			
1807	15	6	3 9 12	2 14 3	3 0	15	0 $\frac{1}{2}$
1808	15	6	. . .	2 14 3	. .	15	0 $\frac{1}{2}$
1809	15	6	3 0 23	2 7 11	17 5	13	2 $\frac{1}{4}$
1810	15	6	2 19 23	2 6 15	19 5	12	1 $\frac{3}{4}$
1811	15	3	2 17 7	2 3 16	25 0	12	2 $\frac{3}{4}$
1812	15	0	2 17 17	2 3 3	24 5	12	0 $\frac{1}{4}$
1813	14	6	2 11 21	1 17 14	38 0	10	6
1814	14	0	2 15 2	1 18 15	30 0	10	9
1815	13	6	3 0 2	2 0 13	19 2	11	2 $\frac{1}{2}$
1816	12	0	3 9 12	2 1 16	3 0	11	7 $\frac{3}{4}$
1817	11	9	3 9 22	2 1 1	2 5	11	4 $\frac{1}{4}$
1818	11	6	3 8 15	1 18 23	4 5	11	0
1819	11	0	3 9 17	1 18 19	2 7	10	8 $\frac{1}{2}$
1820	10	6	3 11 15	1 17 14	. .	10	6
1821	10	0	. . .	1 15 19	. .	10	0
1822	9	6	. . .	1 14 0	. .	9	6
1823	9	0	. . .	1 12 5	. .	9	0
1824	9	6	. . .	1 14 0	. .	9	6

The above table, if we adopt farm labour as a just standard of value, uniform in its annual supply and demand, and constantly regulating the medium prices of the various products of labour which the support of human life requires, gives a clear view of the extent to which silver has varied as a standard, not only in different periods of time, but in each particular year.

These tables clearly prove that, in proportion as we possess more efficient powers of production, an equal quantity of labour naturally exchanges for a greater quantity of the precious metals, if we have full means of converting those productions into the money of foreign countries. Of course, foreign commerce, the accumulation of capital, the application of more powerful and effective machinery, cause the value of the precious metals to fall, as well as the bank paper which supersedes their circulation as instruments of exchange.

The value of labour and silver differs in this. Whenever labour acquires a greater command over the means of living or of providing subsistence, population advances up to those means, and places the value of labour in the same relative proportion to the necessities of life which it previously had; whereas, whenever labour acquires a greater command over the precious metals, those metals, having no effect upon the advancement of population, sink in value in proportion as they exchange for less labour, and consequently exchange for a less quantity of the necessities and comforts of life, the very articles which necessarily occasion value. In the exact proportion, therefore, in which an equal quantity of labour exchanges for a greater quantity of fine silver, the value of that silver falls; and, on the contrary, rises in value in proportion as it exchanges for a greater quantity of labour; and it would therefore appear that the variation of exchange exhibited in these tables, marks the precise imperfections of gold and silver as a standard of value between one period of time and another; and we can therefore ascertain the exact progress which the fall of the value of money made between the years 1787 and 1807, as well as from 1797 to 1807, and from 1808 to 1813; periods of time in which it is admitted by every one that the most remarkable fluctuations in the value of money occurred.

"Since," to use the words of Mr. Ricardo, "the demands for the produce of agriculture are uniform," so the annual market value of that labour which cultivates the earth is uniform; and therefore its annual market value and natural value being always the same, nothing is more easy than ascertaining the comparative prices of labour in different periods of time; while the supply of corn being continually subject to variations, and its market price varying accordingly from its natural price, there is infinitely more difficulty in ascertaining in any period the medium price of wheat than of labour. This opinion is clearly shown by the evidence adduced in the preceding tables. Though the comparative prices of labour present an almost uniform train of events, yet the comparative prices of labour and wheat, however they may differ in particular instances, present the most remarkable uniformity when we take the general average of several of these accounts; and even Mr. Barton, whose intention was to prove that the value of agricultural labour had depreciated in modern times, fails in his object when we compare the

different periods adduced in his statements. For an account of the manner in which the author has estimated farm labour in Cumberland, see Table XIII.

TABLE XII.

The following table shows the quantity of gold, of standard fineness, a farm labourer has been able to purchase with his weekly wages at different periods.

Years.	Price of Labour per week.		Quantity of Gold earned per week.		Years.	Price of Labour per week.		Quantity of Gold earned per week.	
	<i>s.</i>	<i>d.</i>	<i>dwt.</i>	<i>gr.</i>		<i>s.</i>	<i>d.</i>	<i>dwt.</i>	<i>gr.</i>
1730	4	8	1	5	1806	15	0	3	18
1740	4	6	1	4	1807	15	6	3	21
1749	4	6	1	4	1808	15	6	3	21
1754	5	0	1	7	1809	15	6	3	9
1759	6	0	1	13	1810	15	6	3	8
1765	6	6	1	16	1811	15	3	3	3
1776	7	0	1	19	1812	15	0	3	2
1787	7	0	1	19	1813	14	6	2	16
1791	7	6	1	22	1814	14	0	2	18
1794	8	0	2	1	1815	13	6	2	21
1797	9	0	2	8	1816	12	0	3	0
1798	10	0	2	14	1817	11	9	2	23
1799	10	6	2	15	1818	11	6	2	19
1800	11	0	2	14	1819	11	0	2	17
1801	11	6	2	16	1820	10	6	2	16
1802	11	9	2	19	1821	10	0	2	14
1803	12	0	3	0	1822	9	6	2	18
1804	13	6	3	9	1823	9	0	2	8
1805	14	6	3	15	1824	9	6	2	11

TABLE XIII.

This Table shows the manner in which the prices of farm labour in Cumberland, inserted in several of the tables of this Appendix, are estimated. A very considerable portion of the farm servants in that county are hired from one half year to another, and have board and lodgings found them. The wages, paid in money, are taken as the basis of the estimates, and board and lodgings uniformly valued as equal to two-thirds of the money wages, or two-fifths of the whole expense of a week's labour. As comparative values are the chief object of our inquiry, so the expense of farm labour is determined by the payments made in money, because these payments regulate the expense of the produce consumed by servants.

Years.	Annual Wage.			Board and Lodging for a year.			Total cost per Annum 52 weeks.			Total Cost per week.	
	£	s.	d.	£	s.	d.	£.	s.	d.	s.	d.
1749	7	0	5	4	13	7	11	14	0	4	6
1754	7	16	0	5	4	0	13	0	0	5	0
1759	8	11	7	5	14	5	14	6	0	5	6
1765	9	7	2	6	4	10	15	12	0	6	0
1770	10	2	10	6	15	2	16	18	0	6	6
1776	10	18	5	7	5	7	18	4	0	7	0
1791	11	14	0	7	16	0	19	10	0	7	6
1794	12	9	7	8	6	5	20	16	0	8	0
1797	14	0	10	9	7	2	23	8	0	9	0
1798	15	12	0	10	8	0	26	0	0	10	0
1799	16	7	7	10	18	5	27	6	0	10	6
1800	17	3	2	11	8	10	28	12	0	11	0
1801	17	18	10	11	19	2	29	18	0	11	6
1803	18	14	4	12	9	8	31	4	0	12	0
1804	21	1	3	14	9	9	35	2	0	13	6
1805	22	12	5	15	1	7	37	14	0	14	6
1806	23	8	0	15	12	0	39	0	0	15	0
1807	24	3	7	16	2	5	40	6	0	15	6
1814	21	16	10	14	11	2	36	8	0	14	0
1816	18	14	4	12	9	8	31	4	0	12	0
1820	16	7	7	10	18	5	27	6	0	10	6
1821	15	12	0	10	8	0	26	0	0	10	0
1822	14	16	5	9	17	7	24	14	0	9	6

The materials out of which this table was formed were collected from the information of people who were personally acquainted with the usual half-yearly wages paid at each time. All the inquiries were made thus: What amount of yearly wages was paid for a stout servant at such a time? According to these inquiries, I could not find that more than L.7 a year was usually paid for this class of servants between the years 1740 and 1750. For the sake of making the weekly earnings even pence, this sum is estimated at L.7, 0s. 5d. and the same plan pursued throughout the table. About the year 1750 a very slow and almost imperceptible rise in the price of labour appears to have commenced; but about the years 1754, 1755, or 1756, a very sudden rise in the price of labour occurred, though I could never learn the precise year. For a few years immediately subsequent to that rise, prices appear to have remained nearly stationary. Now, it is not a little curious that, in this very period, the Bank of England were permitted to issue notes of a less size, and, in the course of a short time, doubled the amount of the paper

money they had in circulation, and evidently thereby occasioned a fall in the value of the currency. For more particular information on this head, see Chapter IV. Part II. Nor does the comparative rise of prices inserted in this table differ from the general evidence stated in Table XI. Part 1. In short, it does not appear to the author of this work that there is any difficulty in ascertaining the fact, whether the ANNUAL EXPENSE of cultivating land be rising, falling, or nearly stationary. From 1797 to 1808 the demand for labour in the county of Cumberland was such, that, on many occasions, but few servants were engaged in open market; while, since that time, and more particularly of late years, our markets are most excessively crowded with servants. And why? Because the anti-commercial system began to take effect about the year 1809, and has continued to be the prevailing policy ever since; and it is evidently the surplus labour which that system throws upon the market, that lowers its value, produces an excessive cultivation of land, and low-priced corn. From the year 1797 to the year 1811, when labour was scarce, and large importations of foreign corn were made, the average price of corn was unusually high; but when the importation of foreign grain was no longer permitted for the use of the home market, the supply of labour exceeded the efficient demand, an excessive cultivation of the soil was the natural consequence, and low-priced and cheap labour produced finally low-priced and cheap corn also, although the population was greatly multiplied, and the importation of foreign corn wholly restricted. It would therefore appear that nothing but the most incredible infatuation even of the landed interests themselves could tolerate our corn laws a moment longer, since high-priced labour and high-priced corn are the natural effects of free trade.

I have heard some well-informed farmers contend that no fall in the expense of labour occurred in Cumberland between the years 1810 and 1813. The decline of the price of labour put down in the tables is so trifling as to be scarcely perceptible. Nor was there any fall in the price of day labourers, and able-bodied servants who were hired privately; but there was a slight fall in the prices determined by the half yearly hirings transacted in open markets. Besides the wages paid a smart boy, about fifteen years of age, in the years 1807, 1808, and 1809, were commonly L.10, 10s. a year, exclusive of board and lodgings. In 1811 those boys could be had for L.8; in 1813 their wages had fallen to L.6 a year; and, in 1819, they seldom obtained more than L.4, 4s. In order to come at the true criterion of the immediate value of money, we ought to ascertain the usual earnings of labourers engaged from one half year to another, and hired in open markets in the manufacturing districts. Because, it ought to be remembered that it is manufacturers that ultimately regulate the value of money, and that a rise or fall of prices usually reaches the purely agricultural districts by a more slow and remote operation. For the cause of the decline of the price of labour, see the next table.

TABLE XIV.

Shows the medium earnings per week of operative cotton weavers in Cumberland, in each year since 1798; and a comparative view given of the quantity of wheat their weekly earnings would purchase annually, or the proportionate prices of labour employed in cotton weaving and of wheat, the latter being uniformly represented by 32, and labour by the column headed quarts of wheat per week.

Years.	Money earned per week.		Price of wheat per quarter.		Quantity earned in quarts of wheat.	Earnings per week in standard money.	
	s.	d.	s.	d.		s.	d.
1798	13	0	48	7	64,0	—	—
1799	14	0	66	4	54,0	—	—
1800	15	0	113	7	33,6	—	—
1801	16	0	118	3	35,0	14	6 $\frac{1}{2}$
1802	17	0	67	5	64,3	16	0 $\frac{1}{4}$
1803	19	0	56	6	85,9	18	5 $\frac{1}{4}$
1804	21	0	60	1	89,5	20	4 $\frac{3}{4}$
1805	23	0	87	10	66,8	22	3 $\frac{3}{4}$
1806	22	0	79	0	71,9	21	4
1807	19	6	73	3	68,1	18	11
1808	14	0	79	0	45,3	13	7
1809	8	11	95	7	23,8	7	7 $\frac{1}{2}$
1810	10	10	106	2	26,1	9	0 $\frac{3}{4}$
1811	7	3	94	6	20,1	5	9 $\frac{1}{2}$
1812	9	6	125	5	19,3	7	7 $\frac{1}{2}$
1813	12	2	108	9	28,5	8	9 $\frac{1}{2}$
1814	13	1	74	0	45,2	10	0 $\frac{1}{2}$
1815	11	6	64	4	45,7	9	7 $\frac{1}{2}$
1816	7	7	75	10	25,5	7	4 $\frac{1}{2}$
1817	7	1	94	9	19,1	6	10 $\frac{1}{2}$
1818	8	3	84	3	25	7	10 $\frac{1}{2}$
1819	7	0	73	4	24,4	7	0
1820	6	6	65	7	24	6	6
1821	6	6	54	5	30	6	6
1822	7	0	43	3	41,4	7	0
1823	7	0	49	7	36,1	7	0

Average of ten years, ending with 1807, 63.3 quarts of wheat p. week.
 ----- 1821, 28.8 -----

The inferences deducible from the above table, are not only of the most curious character, but throw immense light upon the general principles of political economy. The county of Cumberland, in which the author first studied the subject, presents a perfect specimen of political economy in miniature. The agriculture, manufac-

tures, commerce, colonial trade, navigation, mines, and fisheries of the county, together with its population, present a little whole within itself. Perhaps no other district of the kingdom does. Hence political effects which are notorious in that county, are scarcely noticed in many parts of the country. From the year 1790 to the year 1808, it was a common remark among farmers that the manufactures deprived them of their servants; and such was really the case, but more particularly so from 1797 to 1808, as is very apparent from the superior reward of the one compared with that of the other. Farming was then a thriving business, though the importation of foreign corn was uninterrupted; and it was evident to every one that the exportation of our manufactures was bringing money into the country much faster than the importations of corn were carrying it out.

Since the commencement of the anticommercial system, the reward of farming industry has uniformly exceeded that which has been enjoyed by operative cotton weavers; our markets have been deluged with labour, and prices have been constantly below those of the year 1808, we mean measured in standard money, and not in the depreciated bank paper which prevented the price of farm labour falling materially, as it would otherwise have done, from 1808 to 1814.

This table also proves the justness of the remark made by Mr. Ricardo; namely, that "the demands for the produce of agriculture are more uniform than for any particular manufactured commodity." But as it is the manufactured commodities we exchange for foreign money that regulate its value in the home market, so every fluctuation in the value of the currency is manifested before it is indicated by a rise or fall in the price of farm labour; and therefore, by anticipating the changeable value of the currency, the general price of farm labour might be kept nearly stationary from one year to another.

Keeping, however, constantly in view the circumstance that farm labour is the true criterion by which a uniform standard of value can be ascertained with the most exactness, the next consideration which this table would seem to show is, that the disturbed state of the manufacturing districts in 1812 and 1818, were attributable to the high price of corn compared with the earnings of the operative hands; and it is also evident that the turbulence often manifested by this body of men may be assigned to a similar cause.

Two other points of great importance connected with the evidence deducible from this table, are the influence of currency and the power-loom upon the earnings of the operative cotton weavers: the latter of which shows pretty clearly the uncertainty of taking any single class of manufacturing labour as the criterion of that sort of labour in general. Though the power-loom may be prejudicial to the interests of the hand weaver for a time, yet, particularly in a state of free trade, it must ultimately prove highly advantageous to the whole manufacturing interests of Great Britain.

TABLE XV.

The following Table shows that the difficulty of ascertaining the wages of labour, even in an employment so diversified as that of cotton weaving, may be obtained with considerable certainty, by striking a number of averages from a variety of distinct accounts.

Years.	Cotton weavers' earnings per week in Glasgow.		Ditto in Wigton, in Cumberland. See the last Table.		Mean of both.	
	s.	d.	s.	d.	s.	d.
1814	13	4 $\frac{1}{2}$	13	1	13	2 $\frac{3}{4}$
1815	11	9	11	6	11	7 $\frac{1}{2}$
1816	7	1 $\frac{1}{2}$	7	7	7	4 $\frac{1}{4}$
1817	5	7 $\frac{1}{2}$	7	1	6	4 $\frac{1}{4}$
1818	7	4 $\frac{1}{2}$	8	3	7	9 $\frac{3}{4}$
1819	5	1 $\frac{1}{2}$	7	0	6	0 $\frac{3}{4}$
	50	4 $\frac{1}{2}$	54	6	52	5 $\frac{1}{4}$

The coincidence between the prices of cotton weaving in Glasgow and in Wigton, shows the truth of the general theory very clearly, namely, that the wages of labour are constantly under the influence of general causes throughout the kingdom at large, and that their price may be ascertained with considerable accuracy. The Wigton prices were estimated from the books of manufacturers, though with nothing like the exactness we should recommend, yet they nearly agree with those of Glasgow. Besides, it ought to be observed, that the difficulty of estimating the average earnings of operative cotton weavers, is much greater than that of farm labour, owing to greater and less industry employed at one time than at another, and the continual changes that are going on in the quality of the fabric, to neither of which is farm labour liable.

It is said that in Scotland about 2,500,000 acres of land are usually in pasture and hay, and only about 140,000 acres in wheat. This is surely a great proportion of animal food to a small portion of wheaten bread. Suppose the former returns an annual rental of L.1,500,000, and that of the latter brings in L.280,000 a year, it would surely be beneficial to the landed, manufacturing, and commercial interests of Scotland to import foreign grain, in order to create a demand for a part of the animal food which is now sent to England. To permit free trade in corn is the surest mode of settling the differences between the Glasgow operative manufacturers and their employers. The cotton manufactures of Scotland are valued at L.7,000,000 a year. Whether is cotton or wheat of greater importance?

TABLE XVI.

The following table illustrates the application of the new system of money proposed in Chap. VI. Part II.

Years.	Prices under the Old System of Money.						Prices under the New System of Money.						Market Price of Gold per oz.		
	Market Price of 38 Days Labour.			Market Price of a Quarter of Wheat.			Price of Wheat per Quarter.			Price of Gold per oz.					
	L.	s.	d.	L.	s.	d.	L.	s.	d.	L.	s.	d.	L.	s.	d.
1790	2	6	5	2	9	11	4	8	2	6	17	9	3	17	10 $\frac{1}{2}$
1791	2	7	6	2	3	10	3	15	9	6	14	7	3	17	10 $\frac{1}{2}$
1792	2	8	6 $\frac{3}{4}$	2	1	10	3	10	10	6	16	8	4	1	0
1793	2	9	10	2	6	7	3	16	9	6	8	4	3	17	10 $\frac{1}{2}$
1794	2	10	8	2	7	5	3	19	9 $\frac{1}{2}$	6	6	1	3	17	10 $\frac{1}{2}$
1795	2	11	8 $\frac{3}{4}$	3	12	3	5	14	7	6	6	11	4	0	0
1796	2	12	9 $\frac{1}{2}$	3	11	1	5	10	6 $\frac{1}{2}$	6	1	0 $\frac{1}{2}$	3	17	10 $\frac{1}{2}$
1797	2	17	0	2	15	8	4	0	6 $\frac{1}{2}$	5	11	10	3	17	10 $\frac{1}{2}$
1798	3	3	4	2	8	7	3	3	2 $\frac{3}{4}$	5	0	10 $\frac{1}{2}$	3	17	10 $\frac{1}{2}$
1799	3	6	6	3	6	4	4	1	10 $\frac{1}{2}$	4	18	8	4	0	0
1800	3	9	8	5	13	7	6	13	10 $\frac{1}{2}$	5	0	11 $\frac{1}{2}$	4	5	0
1801	3	12	10	5	18	3	6	13	2	4	16	11	4	6	0
1802	3	14	5	3	7	5	3	14	5	4	11	6	4	3	0
1803	3	16	0	2	16	6	3	1	3	4	5	4 $\frac{1}{2}$	4	0	0
1804	4	5	6	3	0	1	2	17	7 $\frac{1}{2}$	3	16	9 $\frac{1}{2}$	4	0	0
1805	4	11	10	4	7	10	3	18	5	3	11	6	4	0	0
1806	4	15	0	3	19	0	3	8	3	3	9	0	4	0	0
1807	4	18	2	3	13	3	3	1	3	3	6	8	4	0	0
1808	4	18	2	3	19	0	3	6	0	3	6	8	4	0	0
1809	4	18	2	4	15	7	3	19	9	3	16	8	4	11	8
1810	4	18	2	5	6	2	4	8	9	3	18	11 $\frac{1}{2}$	4	13	5
1811	4	16	7	4	14	6	4	0	3	4	3	4 $\frac{1}{2}$	4	19	2
1812	4	15	0	6	5	5	5	8	3	4	3	4 $\frac{1}{4}$	4	17	1
1813	4	11	10	5	8	9	4	17	2 $\frac{1}{2}$	4	16	3	5	7	8
1814	4	8	8	3	14	0	3	8	9 $\frac{1}{2}$	4	14	5	5	2	0
1815	4	5	6	3	4	4	3	1	8 $\frac{1}{2}$	4	10	3	4	12	6
1816	3	16	0	3	15	10	4	2	0 $\frac{1}{2}$	4	6	4 $\frac{1}{2}$	4	0	0
1817	3	14	5	4	14	9	5	4	5	4	7	7 $\frac{1}{2}$	3	19	5 $\frac{1}{2}$
1818	3	12	10	4	4	3	4	14	9 $\frac{1}{2}$	4	11	8 $\frac{1}{2}$	4	1	5
1819	3	9	8	3	13	4	4	6	4 $\frac{1}{2}$	4	13	9	3	19	6
1820	3	6	6	3	6	6	4	2	1	4	16	1	3	17	10 $\frac{1}{2}$
1821	3	3	4	2	14	2	3	10	2 $\frac{1}{2}$	5	0	10 $\frac{1}{2}$			
1822	3	0	2	2	3	3	2	19	2	5	6	4			
1823	2	17	0	2	9	7	3	11	7	5	11	10			
1824	3	0	2							5	6	4			

The second column of the Table, the price of 38 days farm labour, represents its actual market price in each year; and the third column contains the market price of a quarter of wheat, the natural price of which is supposed always to agree with that of 38 days farm labour. The Table shows what would have been the annual prices of a quarter of wheat and an ounce of gold, in case L.4, 2s. 1d. had been adopted as the annual price of farm labour in the year 1790, and acted upon ever since as the standard value of every L.4, 2s. 1d. represented by bank of England paper. That is, the medium price of thirty-eight days farm labour in each year would have been L.4, 2s. 1d. which would also have been the medium price of wheat one year with another. But its market price would nevertheless have been continually liable to fluctuate together with the plentiful or the deficient supply of the market; and the price of gold, instead of remaining at a fixed rate, would have varied in proportion as it exchanged either for a greater or a less quantity of farm labour. In that division of the Table which illustrates the new system, two columns are omitted, the standard price of thirty-eight days farm labour, and the natural price of a quarter of wheat, because the prices both of the one and the other are uniformly L.4, 2s. 1d.; and, therefore, the fourth and fifth columns show what would have been the market price of a quarter of wheat and an ounce of gold in each year, had L.4, 2s. 1d. been adopted as the standard rate of thirty-eight days farm labour in the year 1790. The sixth column contains the price of bullion in each year, according to the actual currency then adopted. It may be proper to remark, that the average price of wheat, during the twenty years ending with 1821, was 81s. 10½d. per quarter; and for ten years ending at the same time 82s. 1d. per quarter.

It may be said that the market price of wheat would still be liable to considerable fluctuations of price in the new as well as in the old system of money. True. No one has ever attempted to show that it can be otherwise; nor can those incidental fluctuations be prevented, which favourable and unfavourable seasons occasion. Indeed, the best guard either against an extraordinary abundance or a scarcity of grain, is to allow the freest operations in the corn trade possible, which would influence speculators to store wheat up when below L.4, 2s. 1d. per quarter, if that were the standard rate, and bring it to market when it exceeded that sum; and by such means the supply would be constantly equalized with the natural demand. The chief superiority of the new system of money consists in preventing the average price of labour and wheat from varying in price at different periods, and in continually bringing back their market value to one common rate, though uniformly allowed to fluctuate in price according to the incidental contingencies to which the supply and demand are liable. For the new system does no more than determine when the quantity of money in circulation has a general tendency either to advance or diminish prices. In the first instance, prices rise in consequence of too great a quantity of money being in circulation; and, in the second, from the quantity of money being deficient. The new system proposes to counteract this general tendency in the prices of labour, corn, and every com-

modity from rising or falling, in proportion as they exchange for a greater or a less quantity of the precious metals; and the mode of this counteraction is neither more nor less than that of making a one pound bank of England note to represent a less quantity of bullion whenever prices fall; and more when they have a tendency to rise, by increasing the price of bullion in the one case, and lowering it in the other.

Suppose, therefore, that a one pound Bank of England note would uniformly exchange for the same annual quantity of farm labour, from one year to another, and from age to age, the equality of the value of money would be in the one pound Bank of England note, and would be regulated thus: Suppose, at present, that the standard rate of gold were, as in the Table, L.5, 6s. 4d. an ounce, then the Bank of England should be compelled to buy all gold offered to them at L.5, 5s. 4d. an ounce, and to sell it, when demanded, at L.5, 7s. 4d. In that case, the Bank of England would so regulate the amount of their paper in circulation, as to cause the market price of gold to assume the value of L.5, 6s. 4d. when they would neither buy nor sell that metal; which would regulate the amount of their issues with the greatest certainty.

The average price of wheat during the last five years has been L.2, 16s. per quarter. Under the new system of money it would have averaged L.3, 13s. 10½d. per quarter, and for the five years ending with 1822, L.3, 18s. 6¼d. It must be remarked, that the plentiful supply of corn since the year 1817, has rendered it cheaper than usual; with which the new currency does not propose to interfere, but leaves all the natural operations of the supply and demand of the market to adjust themselves according to existing circumstances.

The critical reader ought to look upon the views here detailed as the principles upon which a well-regulated currency may be securely acted upon, and the equity of all monied engagements preserved through all periods of time, rather than as a precise and unbending theory, which admits of no improved modification. By varying the price of gold through the agency of bank paper, it is obvious that every general rise or fall in the value of currency may be obviated; and, besides, the prices of other things might be taken into account as well as labour, if doing so would give more exactness to the exchangeable value of the currency.

Those who look deeply into the connexion between foreign trade and currency, may perhaps suppose that varying the price of gold would lead to great practical inconvenience and inordinate speculation; but, in practice, so far would this be to the contrary, that it would prevent gains and losses from occurring by alterations in the value of money, as no general rise or fall of prices could happen, though particular prices would still remain as much subject to rise or fall from incidental events connected with the supply and demand of the market as ever; for the reader must bear in mind, that, in point of principle, it is the currency of the ten years ending with 1814 brought under a precise and modified form; and that there is no more mystery in carrying it into effect, than there was in managing the currency of that period. Indeed, it would be much less

so, since it would be regulated by stated forms and known modes of operation.

The chief and most valuable consequence likely to result from such a change in our money system is the prevention of those frequent and ruinous depreciations and appreciations in the value of property, which have frequently shaken during the last forty years, the individual and the national credit of this country to its very basis. We should not then behold the catalogue of our bankruptcies frequently doubled in the space of a single year, nor could the debtor be legally compelled to pay his creditor with L.200 when he only owed him L.100. The fluctuations in currency, according to this arrangement, could never vary more than about 1 per cent, while, according to the present system, the changes are frequently 50 per cent. The genius of an Arkwright and of a Watt could not then change the whole state of our currency by applying some new power to our manufactories, or to gold mines. The regular principles connected with farm labour afford a measure for the value of money, which would equally baffle the uncommon inventive powers of science, and the no less destructive and injudicious interference with trade, and the extension and contraction of paper money.

Should, however, such a system be introduced, it would be absolutely necessary for the securing of property to change the present ruinous plan established in England of preventing the formation of stock banks in every part of the united kingdom. Scotland is indebted to these banks for her present unexampled prosperity more than any other cause, and the inhabitants of that country rely with as much confidence on the credit of their banks as they do on gold or silver. Nay, they frequently refuse to accept payments in gold when they can get a bank note.

No change of currency however complete can ever attain a state of perfection, unless the present uncertain system of banking adopted in England be altogether remodelled, and the same free and unrestricted privileges given to the English which the people of Scotland have long enjoyed. The monopoly in the hands of the Bank of England, affords a striking proof that any attempt to shackle the free operations of any part of trade must be invariably ruinous. The appalling fact that more than 200 country banks were ruined in England during the operation of a false currency and pernicious corn laws, affords the most decisive proof of the necessity of some legislative interference on this subject. When, too, it is considered that the whole amount of our country banks, before passing the bank restrictions, did not amount to more than 350, and that, in the space of twenty years or less after that period, they amounted to 700, of which 200 at least were ruined, no prudent statesman or patriot can for a moment doubt that the system of banking at present adopted in England ought to be changed.

On this subject, the stability and security of banks, the reader ought to consult the very able treatise of Mr. Muir, agent to the Commercial Bank of Scotland at Leith, entitled, "A Review of the Banking System of Britain, with observations on the injurious effects of the Bank of England charter: and the general benefits of unrestricted banking companies," 1821. In 1819, Mr. Muir addressed a letter to Lord Castlereagh, pointing out in detail the various consequences and apparent impolicy of the regulation, which

has hitherto prevented banking companies in England from comprising more than six partners in each, with the single exception of the Bank of England. Though it would be highly desirable that the banking system of England should be put upon a secure footing, yet the Bank of England notes ought to be the only legal tenders for all sums of L.5 and upwards.

TABLE XVII.

A comparative view of the value of farm labour in Cumberland, the price of wheat in England, and the Greenwich contract prices, estimated from data inserted in a very able pamphlet by Mr. Paget on the subject of currency.

Years.	Price of Labour per Week .		Price of Wheat per Quarter.		Labour rise per cent.	Greenwich Prices, rise per cent.	Market Price of Wheat per Quarter rise per cent.
	<i>s.</i>	<i>d.</i>	<i>s.</i>	<i>d.</i>			
1790	7	4	46	0			
1805	14	6	87	10	97	80	90
1806	15	0	79	0	104	70	71
1807	15	6	73	3	111	75	59
1808	15	6	79	0	111	80	71
1809	15	6	95	7	111	95	107
1810	15	6	106	2	111	100	130
1811	15	3	94	6	108	110	105
1812	15	0	125	5	104	120	172
1813	14	6	108	9	97	120	136
1814	14	0	74	0	90	190	60
1815	13	6	64	4	84	90	40
1816	12	0	75	10	63	70	64
1817	11	9	94	9	60	80	106
1818	11	6	8	43	56	85	83
Average per cent,					92	91	92

This Table shows the superiority and true excellence of the annual price of farm labour as a standard of value, over every other commodity, or set of commodities. During the fourteen years to which this Table extends, it gives nearly the same general results with both the price of wheat in England, and also of the Greenwich contract prices, while it is not subject to those annual oscillations of price to which corn and provisions are liable, and at the same time finally conforms to their general rate,—a circumstance of late years very contrary to the medium rate of exchange between the precious metals and corn. Indeed nothing is more truly surprising, than that agricultural labour should not have been long ago applied as the standard of value, according to the principles recommended in this work; and that repeated spoliation of property discontinued for

ever, which has been peculiar to the precious metals as a standard of value in exchange. In truth, it is labour, entering into the component cost of all commodities, regulating the rate of its own reward in every direction, and determining the money value of every new creation of capital, that finally adjusts all the relations and proportions of the value of property in every species of form in which it can be placed, and therefore the only true standard by which the values of exchangeable articles can be honestly measured; for even the precious metals themselves have value imparted to them according to the labour they cost in production; and whenever the powers of that labour are augmented, or the labour which any particular country gives in exchange for them, either by the application of the steam-engine, the spinning jenny, or the power-loom, gold and silver sink in value according as the powers of the labour for which they are exchanged become more efficient.

TABLE XVIII.

Shows the natural and the market price of wheat from the year 1805 to 1820, and proves that they ultimately correspond in amount, or nearly so.

Years.	Labour per Week.	Natural Price of Wheat per Bushel.	Market Price of Wheat per Bushel.
	s. d.	s. d.	s. d.
1805	14 6	11 5 $\frac{3}{4}$	10 11 $\frac{3}{4}$
1806	15 0	11 10 $\frac{1}{2}$	9 10 $\frac{1}{2}$
1807	15 6	12 3 $\frac{1}{4}$	9 1 $\frac{3}{4}$
1808	15 6	12 3 $\frac{1}{4}$	9 10 $\frac{1}{2}$
1809	15 6	12 3 $\frac{1}{4}$	11 11 $\frac{1}{4}$
1810	15 6	12 3 $\frac{1}{4}$	13 3 $\frac{1}{4}$
1811	15 3	12 0 $\frac{3}{4}$	11 9 $\frac{3}{4}$
1812	15 0	11 10 $\frac{1}{2}$	15 8
1813	14 6	11 5 $\frac{3}{4}$	13 7
1814	14 0	11 1	9 3
1815	13 6	10 8 $\frac{1}{4}$	8 0 $\frac{1}{2}$
1816	12 0	9 6	9 5 $\frac{1}{2}$
1817	11 9	9 3	11 10
1818	11 6	9 1 $\frac{1}{4}$	10 6 $\frac{1}{4}$
1819	11 0	8 8 $\frac{1}{2}$	9 2
1820	10 6	8 4	8 3
Average	13 9	10 10 $\frac{3}{4}$	10 9

TABLE XIX.

The following Table shows the different denominations of value which the same quantity of cultivation, applied to one hundred acres of land, has borne in different periods of time since the year 1150.

Yrs.	Price of Labour per Week.	Expense of Labour, Wear and Tear.	Seed and Horse Provender.	Profits of the Farmer.	Surplus or Rent.	Total Value of the Produce.
	s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
1150	1 0	9 1 6	10 7 8	4 12 3	13 3 1	37 4 6
1434	2 0	18 3 0	20 15 4	9 4 6	26 6 2	74 9 0
1575	4 0	36 6 0	41 10 8	18 9 0	52 12 4	148 18 0
1748	4 6	40 16 11	46 14 7	20 15 6½	59 3 10	167 10 10½
1754	5 0	45 7 8	51 18 4	23 1 6	65 15 4	186 2 10
1765	6 0	54 9 3	62 6 9	27 13 6½	78 18 6	223 8 0½
1770	6 6	59 0 0	67 10 0	30 0 0	85 10 0	242 0 0
1776	7 0	63 10 9	72 13 9	32 6 1½	92 1 6	260 12 1½
1791	7 6	68 1 6	77 17 6	34 12 3½	98 13 0	279 4 3½
1794	8 0	72 12 4	83 2 4	36 18 0½	105 4 8	297 17 4½
1797	9 0	81 13 10	93 9 2	41 11 1	118 7 8	335 1 9
1804	13 6	122 10 9	140 3 9	62 6 7½	177 11 6	502 12 7½
1810	15 6	140 13 9	160 18 9	71 10 8	203 17 6	577 0 8
1815	13 6	122 10 9	140 3 9	62 6 7½	177 11 6	502 12 7½
1820	10 6	95 6 2	109 0 8	48 9 3	138 2 3	390 18 4

The two preceding Tables show in the most conclusive manner, that the different denominations of value, as we proceed down each column, are nothing more than different nominal values of the same real values; and that L.9, 1s. 6d. in the year 1150, and L.140, 13s. 9d. in 1810, were no more than a verbal difference of value, as they both represented the same quantity of labour, the real value of which remained invariable; and it would appear extraordinary, that facts so obvious in themselves had not long ago arrested the public attention, and a system adopted, regulated by the price of agricultural labour, which would have put a total stop to a measure of value so iniquitous, and contrary to the true spirit and intention of every monied contract of time.

TABLE XX.

We now come to apply the arguments deducible from the last two Tables, to the pecuniary difficulties to which the tenantry of the kingdom have been subject of late years. For it is evident, that in case a tenant rented one hundred acres of land under a lease of fourteen years in the year 1810, which has since cost him annually in non-

productive payments, or natural rental, L.203, 17s. 6d. and that he has lived up to the income which naturally belongs to him as a capitalist and a man of industrious habits, his losses would correspond with the excessive rent he has paid, agreeably to the estimates contained in the following Table.

Years.	Rent which the farm was worth annually.			Annual loss by the payment of excessive rent.		
	£	s.	d.	£	s.	d.
1810	203	17	6	0	0	0
1811	200	11	9	3	5	6
1812	197	6	0	6	11	6
1813	190	14	6	13	3	0
1814	184	3	0	19	14	6
1815	177	11	6	26	6	0
1816	157	17	0	46	0	6
1817	154	11	3	49	6	3
1818	151	5	6	52	12	0
1819	144	14	0	59	3	6
1820	138	2	3	65	15	3
1821	131	10	8	72	6	10
1822	124	19	2	78	18	4
1823	118	7	8	85	9	10

Total loss by excessive rent, £578 13 0

If a tenant, under these circumstances, possessed exactly a clear capital in 1810, sufficient to carry on the farm here described, he would now be stripped of his whole substance; and probably enough, as has too frequently happened, his improvident landlord may have encountered a similar fate, and the substance both of landlord and tenant passed into the hands of monied men, through the insidious and secret processes of an ill-regulated currency. Nothing, in short, can prove the pernicious tendency of a false standard of value more clearly. Had 13s. per week to farm labour, or the medium price of 82s. 1d. a quarter, been acted upon since the year 1799, and the rent of the above farm in the year 1810 settled accordingly, namely at L.171 a year, the tenant, after having sustained his station in life respectably, would still have been in possession of a clear capital adequate to carry on the management of his farm; and his landlord at the same time would have retained the station he held in society. The followers of Mr. Ricardo may say, that we should have experienced no practical inconvenience from a metallic standard, had we not resorted to bank paper excessively depreciated in the year 1809. But if we go back to the year 1808, we shall find the price of labour, or the cost of production, as high in that year as in 1810, though paper money was then depreciated only three per cent. This is a fact to which the disciples of Mr. Ricardo ought to attend; nor is the ruined tenant here described an abstraction of mind inapplicable to transactions of real life, and operations of currency; but, on the contrary, an accurate description of the general incidents to which the money values of

farming, landed, commercial, marine, and manufacturing capital have been liable since the year 1808; and surely, with facts before us, so destructive in their effects, and which may be distinctly traced to operations arising out of an ill-regulated currency, the introduction of an equitable measure of value would be highly desirable.

It may be contended, that the tenantry have not lost money in the regular manner detailed in the above Table. This is certainly true, so far as particular years are concerned, yet the general bearings and conclusion founded upon the mode of reasoning here employed, are not, one time with another, the less true on account of the irregularity of their operation, since, on an average of the last fourteen years, the medium prices of wheat and other provisions have fallen to the full amount of the sum assigned, though the loss really fell more upon some years than upon others. Now it is this very circumstance, the insidious mode in which the ruin of the tenantry is effected, that forms the chief objection to a currency continually fluctuating in value. It too frequently happens that they are involved in ruin by an unseen agent, while they are year after year trusting to the return of more favourable times. But those times come not, indeed they cannot come, and the victim is consigned to his fate with all the certainty of irrevocable destiny; and that too at a time, when a well-regulated standard of value would have found him prosperous and happy without infringing upon the just rights of any one.

TABLE XXI.

Comparative view of the area and productive powers of the several counties of England and Wales, and the proportions between the rent of land and population, as shown in the sixth column of the table, population being represented by unity, and rent by the numbers inserted in the column.

Counties.	Square statute miles.	Rental of land.	Annual value of a square mile.	Resident population, 1822.	Proportion between rent and population.
York	5961	£3,111,618	£541	1,175,251	2.6
Lincoln	2748	1,581,940	594	283,058	5.5
Devon	2579	1,217,547	516	439,040	2.7
Norfolk	2092	931,842	509	344,368	2.7
Northumberland	1871	906,789	520	198,965	4.6
Lancaster	1831	1,270,344	718	1,052,859	1.2
Somerset	1642	1,355,108	876	355,314	3.8
Southampton	1628	594,020	435	282,283	2.1
Kent	1537	868,188	651	426,016	2.0
Essex	1532	904,615	692	289,424	3.1
Suffolk	1512	694,078	537	270,542	2.5
Cumberland	1478	469,250	327	156,124	3.0
Sussex	1463	549,950	445	232,927	2.3

Counties.	Square statute miles.	Rental of land.	Annual value of a square mile.	Resident population, 1822.	Proportion between rent and population.
Wilts -	1379	£810,627	£652	222,157	3.6
Salop -	1341	738,495	610	206,266	3.5
Cornwall -	1327	566,472	470	257,447	2.2
Gloucester -	1256	805,133	680	335,845	2.5
Stafford -	1148	756,635	693	341,824	2.2
Durham -	1061	506,063	500	207,673	2.4
Chester -	1052	676,864	684	270,098	2.5
Derby -	1026	621,693	624	213,333	2.9
Northampton -	1017	606,637	702	162,483	3.7
Dorset -	1005	489,025	538	144,499	3.3
Warwick -	902	645,139	744	274,392	2.3
Hereford -	860	453,607	585	103,231	4.3
Cambridge -	858	453,215	571	121,909	3.8
Nottingham -	837	534,992	659	186,873	2.8
Leicester -	803	702,402	891	174,571	4.0
Westmoreland -	763	221,556	299	51,359	4.3
Surrey -	758	369,901	550	398,658	0.9
Berks -	756	405,150	611	131,977	3.0
Oxford -	752	497,625	709	134,327	3.0
Bucks -	740	498,677	713	134,068	3.1
Worcester -	729	516,203	772	184,424	2.2
Hertford -	528	342,350	734	129,714	2.6
Monmouth -	498	203,576	436	71,833	2.8
Bedford -	463	272,621	619	83,716	3.2
Huntingdon -	370	202,076	574	48,771	4.1
Middlesex -	282	349,142	1325	1,144,531	0.3
Rutland -	149	99,174	692	18,487	5.3
Total of England	50,535	27,890,354	595	11,260,555	2.4
Caermarthen	974	224,152	244	90,239	2.4
Montgomery	839	152,008	198	59,899	2.5
Glamorgan -	792	210,760	284	101,737	2.1
Brecon -	754	108,446	154	43,613	2.4
Cardigan -	754	101,550	173	57,311	1.7
Merioneth -	675	83,451	137	33,911	2.4
Denbigh -	633	182,674	331	76,511	2.5
Pembroke -	610	160,617	284	74,009	2.1
Carnarvon -	544	90,848	192	57,958	1.5
Radnor -	426	88,250	229	23,073	3.8
Anglesey -	271	65,121	288	45,063	1.4
Flint -	244	118,615	536	53,784	2.2
Total of Wales	7425	1,586,498	235	717,108	2.2

This table proves that free trade does not prevent population from being distributed over England and Wales, in a great measure coincident with the productive powers of the soil. It besides shows that cheap means of carriage, which is the peculiar advantage of the counties of Middlesex and Surry, is a powerful cause of commercial prosperity, of drawing people into large towns, and of perfecting the division and co-operation of labour. Lancashire shows that cheap carriage, fuel, and provisions, are the chief essentials of manufacturing prosperity. The counties of Cumberland and Northumberland show that cheap food and fuel will not occasion commercial and manufacturing prosperity, unless ample means of cheap carriage accompany them. England and Wales, either viewed as a whole or in parts, prove that agriculture flourishes the most, and land is the most valuable, where commerce, manufactures, and navigation, are highly prosperous, and trade the freest; because the demands for the produce of the soil are the greatest in the neighbourhood of large towns, as well as in countries highly favourable to commercial, manufacturing, and marine industry.

TABLE XXII.

Bank of England notes in circulation at different periods.

Years.	Amount.	Years.	Amount.
	£		£
1718	1,829,930	Feb.	8,646,250
1721	2,054,780	1798	13,334,752
1730	4,224,990	1799	14,062,327
1754	3,975,870	1800	15,831,932
1761	6,001,810	1801	16,169,594
1762	6,131,770	1802	17,054,454
1763	6,889,680	1803	16,847,522
1772	6,201,030	1804	17,345,020
1778	7,540,070	1805	17,241,932
1783	6,707,540	1806	17,135,400
1784	6,392,730	1807	17,405,001
1785		1808	17,534,580
1786		1809	19,001,890
1787	8,688,570	1810	22,730,285
1788	9,370,350	1811	23,547,525
1789	9,705,240	1812	23,462,120
1790	10,217,360	1813	24,087,000
1791	11,699,140	1814	27,840,780
1792	11,349,810	1815	27,319,410
1793	11,451,180	1816	22,515,450
1794	10,903,380	1817	26,365,109
1795	13,539,160	1818	27,031,450
1796	10,030,110	1823	17,057,987
1797	11,191,720		

Though this table proves that the amount of bank paper in circulation does not altogether regulate the prices of commodities, yet it proves that free issues of bank notes have the effect of raising the prices of commodities ; first, by causing an increase of money, or of its representative, and, secondly, by facilitating the transmission of money from one part of the country to another, the division and co-operation of labour are improved, they work more through the aid of capital and of mechanical powers, and exchange for a greater quantity of the precious metals, or command higher prices ; and we see that the issue of notes of a less value in 1755, caused a doubling of bank paper in a very few years, and was followed by a considerable rise of prices between that year and the commencement of the American war. The issue of five pounds notes in 1792 was followed with similar consequences, and also of one pound notes in 1797, and the restriction of cash payments at the Bank of England.

We see, therefore, that, though a specific amount of bank paper does not altogether regulate the rate of the wages of labour, yet it commands a full control over the prices of labour, so far as regards the augmentation or diminution of prices, by forcing a greater quantity of bank paper into circulation, or by forcibly withdrawing a part of it from the circulating medium. If the annual price of farm labour, at a fixed rate, were the standard of value, and furnished the rule, by the conversion of paper into gold at the will of the holder, which regulated the quantity of bank paper, the improved system of currency would work with the greatest certainty, and preserve the due equilibrium of the value of money to the latest periods of time.

TABLE XXIII.

The following table shows the number of bankruptcies as under :

Years.	No. of bankruptcies.	Years.	No. of bankruptcies.	Years.	No. of bankruptcies.
1752	158	1795	723	1811	2000
1753	214	1796	739	1812	1616
1754	244	1797	856	1813	1599
1756	278	1799	547	1814	1066
1757	274	1801	802	1815	1285
1774	360	1802	852	1816	2031
1778	675	1803	893	1817	1575
1779	544	1804	852	1818	997
1780	449	1805	804	1819	1541
1784	517	1806	867	1820	1377
1791	604	1807	1040	1821	1238
1792	628	1808	1115	1822	1094
1793	1304	1809	1089	1823	1048
1794	691	1810	1670		

TABLE XXIII.—PART II.

Number of Bankruptcies in each month in the following years.

Years.	Jan.	Feb.	March.	April.	May.	June.	July.	Aug.	Sept.	Oct.	Nov.	Dec.	Total.
1807	117	111	75	95	102	77	42	56	66	77	135	87	1040
1808	95	106	87	88	122	104	85	79	94	87	92	96	1155
1809	55	118	103	79	109	100	70	70	69	71	132	113	1089
1810	84	118	119	104	125	112	132	133	102	139	273	229	1670
1811	200	229	197	167	171	187	171	138	90	95	183	172	2000
1812	104	163	139	120	171	158	93	107	78	86	172	225	1616
1813	166	212	142	146	141	133	130	157	56	56	117	143	1599
1814	109	112	89	60	84	118	79	90	62	52	101	110	1066
1815	104	104	103	115	77	78	94	177	97	67	133	136	1285
1816	136	178	162	156	217	172	192	148	130	137	268	193	2031
1817	153	209	150	165	193	150	116	93	61	70	120	95	1575
1818	86	103	99	109	81	75	63	51	56	60	133	81	997
1819	105	125	135	147	204	122	147	77	76	96	156	151	1541
1820	147	160	122	115	114	121	114	69	62	88	139	126	1377
1821	134	136	116	106	107	120	96	63	75	65	137	83	1238

The number of bankruptcies are influenced by three distinct causes; 1st, They increase along with the general wealth of the country, and the multiplication of transactions of business; 2dly, They increase or diminish along with a prosperous or disastrous state of trade; and, 3dly, They are influenced by the state of the currency, uniformly diminishing as money becomes less valuable, and increasing whenever its value is rising. In time of war, perhaps, the number of bankruptcies are increased by the extensive speculations which arise out of contracts connected with military supplies. Hence due allowance is to be made for all these causes, frequently operating at the same time, before we draw any inferences from their increase or diminution.

From these accounts it would appear, that the permission granted to the Bank of England, of issuing L.10 notes in 1756, was owing to a sudden pressure being brought upon the monied market by the events which occurred on the breaking out of the war; and that the more free issue of bank paper relieved that pressure. From this period up to 1774, the bankruptcies evidently increased, along with the wealth and prosperity of the country; but during the commencement of the American contest, they were evidently increased by the interruption which foreign commerce then sustained.

The years 1791 and 1792 were extraordinary years of prosperity in all the relations of the British empire; trade was free, manufactures were flourishing, and foreign commerce was rapidly extending; yet we find that the bankruptcies had increased along with the wealth of the country. The breaking out of the war in 1793, presents a train of events excessively complicated, and which evidently increased the extent of insolvency to an unusual amount.

Most probably, the chief causes were a rapid demand for metallic money, an inordinate disposition in people to hoard, and a sudden demand for a new advance of capital to carry on the war. To relieve this sudden pressure, as indicated by the table here before us, the Bank of England was now permitted to issue L.5 notes; and nothing can prove more clearly that this proceeding answered its desired object, than that the fearful extent of insolvency peculiar to 1793 was suddenly allayed. Here again we observe the influence of a more extensive and active currency, changing the relative affairs of the nation, and diminishing the extent of insolvency. In 1795, these bankrupt lists were rather more filled, and also in 1796 and 1797 the numbers again suddenly increased. The principal causes of this increase may be assigned to operations of currency and trade. In 1796, the French assignats having become wholly discredited, the demand for bullion in that country to replenish its circulating medium deranged the affairs of money in every country of the world, occasioned a general increase of paper money everywhere, and more particularly in England, where almost unlimited freedom was given to the circulation of bank notes. In 1799, the influence of a rapid augmentation to the circulating medium, and the corresponding rise of prices which followed, diminished the extent of insolvency, considering the new attitude in which the country was placed, in a most surprising manner. Trade was prosperous, we expended our money freely abroad, and the supply of money was abundant. From the year 1801 to 1807, we find that trade had assumed a steady course of prosperity, almost uninfluenced by the fluctuating value of the currency.

In the year 1807 insolvency again increased, and continued to do so during the four following years, when we find the number of bankruptcies had risen to the unprecedented amount of 2000. The cause of this increase cannot be mistaken. An anti-commercial system was resorted to, and the supply of our manufactures, and other productions prepared for the foreign market, far exceeded the efficient demand; and, as a matter of course, their exchangeable value sunk accordingly, and raised the value of gold and silver from 30 to 40 per cent. This fall of prices was prevented from communicating itself to home price by the most judicious measures of currency ever acted upon under difficult circumstances. The reasons assigned for doing so were certainly unsound; but the practice was nevertheless admirable.

In the years 1814 and 1815, the country was prosperous. But in 1816 measures of currency were adopted, which were precisely the reverse of what had been done in 1797, and were followed, as might be expected, with a year of unparalleled insolvency. When the price of gold and silver fell, as it did in the course of a few months, to the amount of 30 per cent, the prices of every article connected with the foreign trade fell correspondingly; and the Gazette was suddenly crowded with a fearful number of bankruptcies. An ill-regulated currency was the sole cause of the disastrous events of this year, as well as those of 1817, 1819, and 1820. The evil has, however, adjusted itself; it has run its course, and now remains as a beacon to future statesmen,—nay, to the statesmen of the present

day, of the necessity of adopting a more even and secure standard of value than the precious metals.

No time can be more favourable than the present for taking a dispassionate view of the currency question, because it is obviously a period which requires no immediate interference. It may be asked, why not suspend further inquiry until interference be again necessary? Because the moment in which interference is actually necessary being often extremely critical, and the subject having assumed a very delicate character, discussions are entered into hastily, and carried into effect injudiciously and inconsiderately. The consequences of these hasty proceedings, as might be expected, are fraught with future difficulties, not less pernicious than those which have been avoided. Surely Parliament must be well assured that a well-regulated currency would be of incalculable benefit to the country, that we have not such a currency, and that, therefore, they ought to institute such a course of inquiry as would be calculated to anticipate those rash measures in future, which have but too strongly marked the past.

TABLE XXIV.

The following Table contains the price of a quarter of wheat in France, on an average of ten years, from 1715 to 1785, and compared with the price of that grain in England during corresponding periods; and also for the years 1786, 1787, and 1788; the French measures and money being reduced to those of England.

Ten Years ending with	Price of wheat per quarter in France.	Price of wheat per quarter in England.	English prices above.		
	£ s. d.	£ s. d.	£	s.	d.
1725	1 6 5	1 11 5	0	5	0
1735	1 5 3	1 11 3	0	6	0
1745	1 8 2	1 8 6	0	0	4
1755	1 7 6	1 9 5	0	1	11
1765	1 6 4	1 14 11	0	8	7
1775	2 3 2	2 5 10	0	2	8
1785	1 13 11	2 2 4	0	8	5
Years.					
1786	1 11 2	1 17 6	0	6	4
1787	1 13 9	2 0 8	0	6	11
1788	1 16 9	2 3 10	0	7	1

From the year 1800 to 1812, the price of wheat in France is said to have been about L.1, 17s. per quarter; while, in England, estimated in standard money, during the same years, its average price was not less than L.4 per quarter, which proves the superior powers of production acquired by the latter.

This table would lead us to conclude that free trade, and a cheap circulating medium, are the chief causes of high prices, and great

powers of production ; and that France has been almost uniformly more injured by war than England, owing to her foreign trade being more injured by a state of warfare. High prices are always satisfactory evidence of the prosperous state of foreign commerce ; and it is obvious that, in times of peace, the price of grain in England has usually exceeded that of France in a less degree than in times of war ; which clearly shows that in those times France encountered more difficulty in the conversion of her internal industry and productions into foreign money. These facts ought to convince France, as well as England, that a state of warfare and of anti-commercial policy, is exceedingly prejudicial to their real interests, and destructive of that very wealth and political consideration they attempt to gain.

It may be inferred, from the corresponding manner in which the price of wheat has risen or fallen in France and England, that the distribution of the precious metals, or the paper money which represents them, is regulated by general and efficient causes, absolute in the fulfilment of ultimate consequences ; and that prices are continually adjusting themselves according to the relative powers of production and the interchange of commodities.

It is very interesting to find that, during the peace which intervened between the war of 1755, and the American war, the price of wheat rose very considerably both in France and England, but in a much greater proportion in the former than in the latter country ; and that, during the American contest, it again fell in both, but to a greater amount in France than in England. It is equally worthy of remark, that the price of wheat rose in England during the ten years ending with 1765, while in the same period its price fell in France ; which shows that France was materially injured by the war of 1755, and that England was then prosperous, and brought money into the country by the flourishing state of foreign commerce faster than a war expenditure and commercial purchasers carried it out.

Perhaps no science rests more upon a regular induction of facts than political economy. But, however strange it may appear, though it presents a greater mass of practical evidence than almost any other subject of inquiry, yet it still remains a complicated chain of abstract reasoning, frequently depending altogether upon speculative theories. Labour is the power by which wealth is acquired. It is that which invests a capital in the soil, and increases its powers of annual production ; it is also the power which has accumulated and stored up moveable capital of every description ; while it carries on all the immediate processes of supply which meet the various demands of the market.

From labour being the most important feature in political economy, a casual observer might be apt to suppose that the annual price of no other commodity would be so accurately ascertained, nor so well authenticated. But how much astonishment must he feel, when he is informed that the most grave writers on the subject have never once stated the price either of labour or corn in a single year ; and he will probably infer that political economy is an imaginative

science, which has little or nothing to do with the state of public wealth, as exhibited in real transactions of business.

Had government been acquainted with the proportions which the price of labour naturally bears to that of corn and other provisions, they would have been prepared to meet the various tumultuous proceedings that occurred in the years 1812 and 1818; and in what way are they to become acquainted with these proportions but by collecting a great mass of facts, and comparing them with each other? Had they done so, they would have been able to guard against the absurd and destructive operations of currency which threatened the very existence of the state. Even Dr. Copleston was gravely listened to by Parliament, when he asserted that formerly a labourer could purchase an enormous quantity of wheat with his weekly wages. Let the legislature collect facts, and those facts would guide their councils with unerring wisdom, and a judgment unsullied by the mental aberrations of mere abstract thinkers.

In closing our inquiry into the principles of national wealth, the following apt questions may be asked the political economists of our own days and of future times. How far does public wealth depend upon the power of producing and the desire of consuming? What regulates the natural price of corn and other provisions? Has free trade, and the introduction of more effective mechanical powers, any influence upon the value of gold and silver? What are the principles which regulate the remittance of money to and from foreign countries?

FINIS.